DAILY MARKET LETTER

MEMBERS:
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NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 January 2, 1948

The new year has started out auspiciously with respect to the elements. Those who spent New Year's at home without electricity, fuel, or heat may not agree with these sentiments, but, nevertheless, snows, which visited many parts of the Southwest and the Central States, will naturally be beneficial to the winter wheat crop.

Otherwise, there was nothing new in the grain news, but the trade was watching rather carefully to see if the country might loosen up and sell larger quantities in the present calendar year. There does not seem to be much pressure in Southwest markets, and in fact, cash premiums are rather firm, so that unless the farmers market on a heavier scale, we have reason to believe that when and if the government resumes its buying operations, we may have firmness in markets. In fact, there is every reason to believe that with smaller supplies held by CCC that they cannot long remain on the sidelines. The demand from Europe is constant. Exports from August 1st to December 18th from all exporting countries have amounted to 320 million bu compared with 241 million bu a year ago. The increase has come largely from the United States, as we have shipped 72 million bu more; Canada has actually furnished 8 million bu less, Australia 3 million less, but Argentina has placed 18 million bu more afloat. It is still true that about half all the grain in the surplus countries will have to come from the United States.

Some of the weakness in wheat may be due to the fact that our total exports will probably not exceed 450 million bu, which is a reduction of 50 million bu from the earlier figure. On basis of the more moderate estimate for feeding requirements, this would probably leave us with a carryover of 150 million bu on July 1, 1948. The government assumes that 510 million bu will be needed for food, 250 million bu feed, 89 million bu for seed, which on basis of the crop and carryover would give us the reserve stock just mentioned. There is still 109 million bu wheat to be covered in order to meet the shipments of 450 million bu, but these purchases will be divided by wheat and flour, and may, therefore, not cause too much stir if the distribution is spread over a period of months. We generally run into a period of declining markets between now and about February 20th, after which time crop scares make their appearance. However, there is no fast rule about this procedure, and the main influence is still the large exports with which we are concerning ourselves; the Department of Agriculture points out in the three years ended October 1, 1947, we cleared 1.1 billion bu wheat and flour, which was more than was exported in the preceding 16 years.

30 March 1983

Primary receipts of wheat, with St. Louis missing, amounted to 1,685,000 bu compared with 2,614,000 last week and 855,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 66,000 bu. When the wheat visible supply is posted on Monday, it will compare with a shrinkage last year of 2.8 million bu.

Trade was not particularly heavy, nor was there any selling on a big scale, but, nevertheless, wheat prices were on the down-grade practically throughout the day. It is now felt that the winter wheat prospects are reasonably good and that we may look forward to a total crop next summer of a billion bu. The government estimated winter wheat production for 1948 at 839 million bu, and at that time stated that this was based on the appraisal of soil moisture conditions and other factors affecting yields. We believe that some improvement since that date has undoubtedly occurred. Of course, normal weather for the remainder of the crop season must always be assumed. It is only natural that at present high levels, there will be some caution. Wheat prices to growers have advanced from an average of 68¢ per bu in 1940-41 to $2.74 in mid-November 1947. However, as the government itself points out, wheat prices have remained high because of the large domestic and export demand. They cautioned, however, in their last pamphlet dealing with the wheat situation, that if growers sell more freely after the start of the new tax-year, there may be a tendency for the price advance to be checked. It was also pointed out that the trade might be more willing to release wheat stocks as the accumulation of supplies for export nears completion.

Corn was little changed but oats were lower. Wheat was down about 3¢ per bu, but corn yielded ground reluctantly and the recent snows will probably slow up movement from the country.

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CHICAGO, 4 January 5, 1948

The carryover feeling from Saturday was somewhat bearish. There was no particular news over the weekend; temperatures were rather mild for this season of the year, and there is no moisture in sight, but the trade figured that if the CCC would not re-enter the market in another few weeks that there might be further declines should the country selling continue. However, we do not find that this pressure is of any particular significance at this time. True enough, more wheat has come out since January 1st than previously, but hedges have been reasonably well absorbed, and chances are that the visible supply will gradually decrease, although there was a shrinkage of only 454,000 bu this week. Last year at the same period we were making heavier inroads on our accumulations, but of course, if we export 450 million bu of wheat, according to the present goal, it will probably leave us with only moderate stocks at terminals at the end of the crop year.

Apparently liquidation had run its course pretty well, and after the first half hour of trade corn prices recovered some of their recent losses. The main factor in this cereal is the light bookings from the country, and there seems to be no chance of accumulating supplies in January, when ordinarily we build up our stocks. Experience has taught us that when we do not get big receipts during December and January that farmers very often crib their corn or keep it on farms, and in view of the fact that the primary movement for the year ordinarily does not exceed 250 to 300 million bu, this is quite important, particularly with large industrial usage.

Later on wheat also showed recuperative power, but there was no particular support, although there has been talk for several days that PMA might reenter the market for flour. Some people are also of the opinion that CCC buying might be resumed if markets declined much further.

As we have stated earlier, the wheat visible declined less than 1/2 million bu, and the total now is 112 3/4 million bu, or 68 3/4 million bu larger than a year ago. Chicago stocks increased 897,000 bu to a total of 4,873,000 bu; we believe this was largely due to Southwest receipts that came here for delivery purposes. The U. S. corn visible decreased 573,000 bu, which is rather unusual for this season of the year, and total supplies are 11 1/2 million bu, or a reduction of 12,610,000 bu from the amount on hand in 1947, similar date. The oat visible showed a rather large decrease, amounting to slightly over 2 million bu; the total now on hand is only 12 million bu, although this is approximately 4 1/2 million bu larger than a year ago. About half the shrinkage this week consisted of seaboard stocks.

News from Europe is a little more optimistic with respect to crops. General rain in northern Europe has improved the winter grains. However, the demand keeps up, and we note that from August 1st until Christmas time the total wheat and flour shipments from Canada, United States, Argentina and Australia have amounted to 325.6 million bu, which is an increase of 72 million bu over last year. Of course, the largest increase was in the United States, as our shipments have been 63 million bu larger. Canada has not done a particularly good job; her exports in 21 weeks have averaged only 3.8 million bu, and even with a smaller crop she could have done better. Recent wheat and flour shipments from the Argentine are a little larger, and a week ago 2 1/2 million bu was cleared, including 496,000 bu to the United Kingdom, 775,000 bu to the Continent and the rest to sundry countries. We are convinced that if farmers were given the proper remuneration that country would also strain itself to do a better job.

We believe that in today's market there was a fair volume of business, and toward the last wheat prices improved with more confidence noted. However, new incentives are needed. Ordinarily we get a drifting course until about the middle of February, at which time crop scares make their appearance. The strength in corn today also had its influence on oats. Some quiet accumulation has been taking place recently, and we look for stocks to be gradually reduced, which will probably keep the nearby position firm as compared with the later deliveries.

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CHICAGO, 4 January 6, 1948

Close students of the market, whether it be in commodities or in stocks, are inclined to be a little conservative at this time. Speaking of securities, they call attention to a major deterrent to a bull market of any importance, with the long downward trend of money rates at an end and a gradually firming tendency. They also point out that stock prices are reasonably high, but on the other hand not since the Civil War has the purchasing power of the dollar been so low. In most groups stock prices represent an extremely dim view of corporate earnings. As to commodities, a decidedly bearish sentiment has been built up, and particularly for the distant futures, which are selling at tremendous discounts under present levels. Whether the recent publicity has had certain restraining influence is hard to tell, but it may be that some large traders who would ordinarily come into the market are now absent. This has been borne out recently with just moderate selling causing rather sharp declines,

At the moment there appears to be a somewhat better local sentiment in grain on the theory that the farmer is still not heavily merchandising his grain at present levels, and apparently the expected selling after the turn of the year has failed to materialize, at least in the volume that had been expected. The government figures that our total domestic consumption of wheat will amount to about 850 million bu, which would leave, roughly, 600 million bu for export and carryover. In these calculations an allowance of 250 million bu is made for feed, and this was a reduction from the early forecast of last August. We are somewhat concerned about the recent rise in corn relative to wheat, and it is, therefore, rather difficult to say how much wheat will be fed for the remainder of the marketing year, as so many factors are involved. Thus far we have not had a severe winter, but it is still early in January, and we presume that colder temperatures might come at any time. Just a day or two ago we sold a few cars of wheat to a feeder in the East, which was the first transaction of this sort in many weeks, and if corn should remain strong as compared to wheat, there might be upward revisions in wheat usage, which in turn would affect our carryover next July. Therefore, the estimates of the quantity of wheat fed will have to be re-examined from time to time and each quarter the data that will be made public should help us in these studies.

The main item as a market influence is still the question of wheat exports. In 1945-46, we cleared 391 million bu wheat and flour, which was one-fourth larger than the previous record in 1920-21. In 1946-47, 400 million bu was exported. In the present crop-year we will surpass even that high mark, exporting the most wheat ever shipped in one year by a single nation.

Primary receipts of wheat amounted to 1,828,000 bu compared with 2,907,000 bu last week and 1,364,000 bu last year. Kansas City and Minneapolis stocks show a total increase so far this week of 201,000 bu.

Markets were rather firm early in the day. Wheat, which had lagged a little when corn was so strong yesterday, came into its own, but it seemed that on the advance there was more selling from the country and these hedges had to be absorbed. The quantity is not heavy but at the moment the absorption is likewise light. A good many people point to the fact that our visible supply may go down slowly unless the government's buying program is resumed within the next few weeks. It so often happens that markets during January are rather listless unless some new issue should develop.

Corn held moderately well early and was influenced by the great strength in oats. Receipts in the latter cereal are light. We are making inroads on our accumulations, and there seems to be virtually no pressure except from long selling as it occurs.

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CHICAGO, 4 January 7, 1948

President Truman formally approved a limit of 450 million bu wheat exports for the fiscal year ending June 30th. This figure has been discussed now for some time, although it was a reduction of 50 million bu from the previous goal, and has been occasioned by the reduction in the crop estimate that was issued in December. It also conforms with the law which requires that 150 million bu wheat will be carried into the next crop in order to maintain a safe reserve at home. As we pointed out, these calculations are all based on estimates given by the Department of Agriculture allowing for about 850 million bu domestic consumption, to be divided as follows: 510 million bu for food, 250 million bu for feed, 88 million bu for seed, and less than a million bu for industrial usage. In other words, based on crop and carryover, it would leave 600 million bu for export and carryover, and thus the President's decision to ship 450 million bu under these circumstances would give us the desired amount to be held in reserve.

This may have had a slightly bearish influence on the market, but we believe the main factor at the moment is the quantity of wheat that is being sold by farmers, because upon this depends the number of hedges that will have to be absorbed. Another potential influence is the CCC buying which everyone knows will become a factor sooner or later, and it has always been the experience that these government purchases have much more influence on the market than if handled by the private trade. In other words, nobody knows just to what extent the government will buy at any given time, nor is price necessarily a factor as it would be in private operations. Furthermore, there is no assurance that even if we do carry over 150 million bu it will comprise a stock of all free wheat. According to legal interpretation CCC might own some of the carryover, and from that point of view it would be virtually the same as though the wheat had not been grown, or as though it had been exported. For example, last year a very tight situation developed in the cash market during April and May. The government agency was urged to transfer some of its shipments to the new-crop but refused to do so. They took considerable quantities of wheat in the Southwest during May which when shipped to Galveston or other gulf ports probably did not reach there prior to the time that new wheat could have been procured. Nevertheless, their operations were a very potent market factor and were mainly responsible for a 50¢ premium of May wheat over the July future. Thus these are all factors that bear watching, and as a result it makes forecasts a little bit more hazardous than at other times.

Primary receipts of wheat were rather light today and amounted to only 1,029,000 bu compared with 918,000 bu last week and 846,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 112,000 bushels.

There were periods when markets were somewhat weaker although coarse grains in spite of liquidation seemed to hold up well even when wheat was depressed. In the last forty five minutes of trade the President's address was listened to for possible inspiration and we believe that his reference to the need for continuation of the support program for farm products which he said would bring a better relationship between farmer and city dweller was responsible for some of the strength. In any case prices rallied sharply and all the early weakness was dissipated with wheat, corn and oats closing at about the best levels of the day.

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CHICAGO, 4 January 8, 1948.

There is no change in the character of the news from day to day, nor do we find that statistics vary from those that we have been giving right along. All that can be said at this date is that another large wheat crop is probable next summer, and despite poor weather early in many sections of the winter wheat belt 58.8 million acres were sown, just about 1% larger than the seeded area for the 1947 crop. If about the same acreage is seeded to spring wheat, or dose to 20 million acres, the wheat goal will be slightly exceeded. The national goal, which is made up of figures recommended by the State Goals Committee, and which was announced on October 2nd, amounted to 75 million acres. It will probably be 60 to 90 days before even the early districts in Texas will show sufficient growth, so that we can come to a determination on prospects. Meanwhile, there will be a good many guesses as to whether damage is being inflicted, or whether soil-blowing conditions may take a further toll and finally give us a smaller crop than was forecast last December.

When Mr.Anderson was asked by the Senate Appropriations Committee how much wheat should be exported during the fiscal year, he stated that in terms of human need the answer was "as much as we could possibly afford.", In terms of figures he thought the answer was "Somewhere between 400 and 500 million bu, depending upon the amount of old wheat that we decided to have on hand next July 1st." When that statement was made on November 24th, the previous crop was still estimated at 1,407 million bu, but since that time there has been a reduction of 42 million bu in the estimate. Likewise since that statement was made, there has been a new export limit ordered by the Congress in order to provide a carryover reserve of 150 million bu at the end of the season. However, the Secretary even as early as November stated, "We need to know more definitely what our wheat crop prospects are for the coming year before reducing stocks to a minimum level." Of course, there is some difference of opinion what a minimum level should be. We used to consider a carryover of 235 million bu normal, and about that figure prevailed over an average period of ten-years. Thus even a reduction to 150 million bu, with a larger population now than we have ever had before, could be a serious factor should anything happen to the next crop. A reserve of only 83 million bu, such as we had last July, might have been disastrous except for the fact that a bumper crop followed and the movement of grain started in June in many early districts of Texas, so that breadlines were averted in this country, but still there were hardly any stocks left on the shelves or at terminal markets.

Secretary Marshall has come before the Senate Foreign Relations Committee, and is asking for speedy approval of the four-year plan in support of the European relief program. He told the Committee that unless the program could be placed in operation on or soon after April 1st, there would undoubtedly be serious deterioration in some of the basic conditions upon which the whole subject was predicated. He demanded that Congress appropriate $6.8 billion for the first fifteen months of operations.

Primary receipts of wheat amounted to 1,399,000 bu; a week ago was a holiday, and last year receipts were 1,092,000 bu. Kansas City and Minneapolis stocks so far this week show a net increase of 13,000 bu.

Trade was rather moderate, and in flour circles it was claimed that while mills were doing a small to moderate volume there was nothing very special. However, we noted a little better inquiry for cash wheat, and in the Southwest premiums for high protein wheat advanced as much as 2 1/2¢ per bu. May wheat was relatively stronger than July; we believe this was occasioned by the removal of some hedges, and hardly any selling on part of the country. Otherwise, there was not much feature to the market, but there was a fairly good undertone throughout the day, and there seemed to be moderate buying on declines.

Corn and oats held pretty well. There was little pressure from any source, although in the corn belt some of the services which had suffered due to storms last week are being restored, and it may be that we get somewhat larger bookings --in fact, it was noted that a few hedges were placed in the pit.

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CHICAGO, 4 January 9, 1948

The President, in his message to the Congress the other day, spoke of the need of continued farm support in the years ahead. This is also being stressed by Secretary Anderson, who has called attention to the fact that agriculture abroad will eventually recover from the damage inflicted on it by the war, and that, therefore, farmers in the United States need assurance not yet available of permanently high domestic employment along with the large commercially financed export trade.

There can be little doubt that our export outlets are as necessary now as they were prior to the war, although taking corn and oats we have really not been large exporters of these cereals in many years. In fact, shipments of 100 million bu corn last year created a very tight domestic situation. Our increased population and our higher living standards are demanding that feed grains go largely into feeding channels, and in recent years the movement of corn to primary markets has just about been sufficient to take care of industrial use. In wheat, of course, it might be a different situation if we continued to produce billion-bu crops, but as we have stated so often, these are the exception rather than the rule. Our last wheat crop is estimated at1,364 million bu, which is a record for all time and compares with total world wheat production in 1947 of 5,775 million bu. Prior to the war, world production was somewhat larger and amounted to 5,998 million bu. However, we are not particularly afraid of Russia, whose crop last year amounted to 875 million bu, because that country is prolific and has expanded to such an extent that we doubt whether they will be an important factor in the export markets for many years to come. Of course, one of the most important factors is production in Europe. Their wheat crop this past season amounted to 1,020 million bu compared with average pre-war production of 1,588 million bu. Naturally any great recovery would lessen requirements from the surplus producing countries, but in view of the fact that so many boundaries are now different from before the war, it brings us to the conclusion that it may be quite a period before they will raise as much as they formerly did, even assuming a general improvement in manpower, fertilizers, and agricultural technique. We must also take cognizance of the fact that in the five years prior to the war, United States wheat production was only 758 million bu, although we have added considerably to our acreage in the meantime, and this was a factor as well as propitious weather that gave us the big yields we have been enjoying for the past five years.

Primary receipts of wheat today amounted to 1,417,000 bu compared with 1,685,000 bu last week and 1,159,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 167,000 bu. When the visible supply is posted on Monday, there will be a decrease, but probably smaller than the shrinkage a year ago, which amounted to 3 1/2 million bu.

Trade was fairly active, and in wheat a good many people reasoned that with Southwest premiums fully maintained even at a time when there was no government buying the market could do better later on when CCC came in for additional purchases. However, wheat was not the star performer; the great strength really was in corn and oats. May and July corn made a season's high and several oat futures went into new high ground for the season, indicating that there was still rather light pressure from first hands. Sentiment on the whole is reasonably friendly to grains, in spite of the price, although a good many people are cautious on these advances. There continues to be a contraction in the total open interest of wheat, which is normal, as undoubtedly some hedges are being taken out of the pit each day. The domestic milling demand, while somewhat improved, is still lagging, and apparently the buying is more or less from hand to mouth. The report on farm reserves is awaited with great interest.

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CHICAGO, 4 January 12, 1947.

Ever s ince the farm reserve figures were released last week, sentiment in grains has been a little more bullish. There was nothing special in the wheat situation to attract friendly attention, because these reserves were almost the largest in the history of the country, and it looks very much as though total stocks would also show up favorably when we get the reports on the amounts held by merchant mills and by country mill and elevators. Nevertheless, wheat has become a substitute feed during and since the war. Therefore, anything that affects corn vitally could in the final analysis influence the leading cereal. Now with reference to corn, we find that there is 1,517 million bu remaining on farms as of January 1st. This is a reduction of about 600 million bu from last year, and is not in itself bullish, as the crop is some 800 million bu smaller, but yet it cannot be denied that our consumption is big and last year from January 1st until end of the crop season, we consumed 1,878 million bu, which is more than is now reported on farms. Of course, during that period about 100 million bu was exported. This will not be repeated again, but it does show that in order to have any kind of reserve stock, great firmness must take place, and apparently a high price is necessary to accomplish this.

When our market opened this morning, prices were relatively firm, and one of the factors that developed was the re-entry of PMA into the flour market, making purchases for January and February. Their price was the same as previously, but the market was somewhat higher. Apparently business was put through despite this handicap, because some of the mills wanted running time. There may likewise have been other flour business which necessitated the removal of hedges, and this was true not only here but in Kansas City, which gave impetus to both markets, and even influenced Minneapolis, where the cash demand was slightly poorer.

Reports coming from the Argentine are somewhat more optimistic, and we saw one estimate that the crop might run as high as 250 million bu, although Broomhall's last resume does not predict quite that large an outturn. Nevertheless excellent weather for the harvest has prevailed, and if current reports are to be believed the output will exceed all recent expectations. The latest Broomhall cable from Buenos Aires refers particularly to excellent wheat yields in Santa Fe and Cordoba and the quality of the grain is also good. However, this is somewhat offset by some reductions taking place in Australia, and the late season rains have caused severe damage, and some of the crop will be of poor quantity, possibly fit only for feeding to animals. In any case a total yield of between 200 and 210 million bu is still in prospect, which compares with only 117 million, the revised estimate for last year. Earlier ideas on the harvest ran as high as 245 million bu for the current season.

In Europe fall growth was satisfactory. There was plenty of rain, and temperatures on the whole were sufficiently mild to promote growth. France, in particular, reported an optimistic condition, and while the acreage is still smaller than pre-war, farmers were working late into winter weather trying to plant all they could hoping to reap a much better harvest next summer.

When the visible supply of wheat was posted, there was a decrease of nearly 3 million bu; total supplies in all positions are now 109.8 million bu, which is 69 1/4 million bu larger than a year ago. Corn also showed a decrease of 438,000 bu, which is not normal during a period when we ordinarily accumulate stocks. Total corn held at terminals is not particularly large, and it looks like little chance of building up reserves. There was a slight decrease in Chicago wheat stocks; they now total 4.7 million bu, or a little more than the amount of corn stored here.

With the better milling inquiry and fairly large quantities of government flour booked, markets at no time showed weakness. The domestic flour trade is still rather slow, and buyers are slow in following the upward trend, but we believe there was some private business worked today. In any case, with the removal of hedges final prices were almost the highest that prevailed during the session. Sentiment seems to favor further advances. There was a sharp decrease in oat supplies, and visible supply stocks are now down to 10 million bu compared with 7 1/2 million bu last year.

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CHICAGO, 4 January 13, 1948

There was not much grain news overnight. Temperatures in the Southwest were lower, but there was nothing severe in sight; in fact, somewhat warmer weather is in prospect. The snow covering has mostly disappeared in southwestern localities, and, of course, a hard freeze, or at least, subzero temperatures would not be welcome now, although our experience has been that less damage is generally sustained when there is moisture in the ground than otherwise. Therefore, there has been no anxiety with respect to the new crop, and most attention is being centered on the demand for old wheat, particularly with the heavy PMA purchases of flour that took place yesterday.

CCC announced after the close that they were entertaining offers for the purchase of wheat, and some small quantities apparently had been bought, but we do not think that their general buying program has become extensive in acquiring wheat supplies, although it is generally known that they still have substantial quantities to buy even under the reduced goal of 450 million bu. Mr. Anderson has revealed that feeding of wheat to farm animals this year may run as low as 200 million bu, which would be a reduction of 50 million bu from an earlier estimate, but in our opinion much will depend on the relationship between corn and wheat; likewise, the extent to which animals are being liquidated. Since all other domestic consumptive figures are more or less static now, naturally the question of feeding will be an important item. In appearing before the Senate Foreign Relations Committee, Mr. Anderson also stated that in the next two crop years, our shipments of wheat and flour would probably be cut to 300 million bu, and that there would be a further reduction to 250 million bu in the 1950-51 season, as well as the succeeding one.

We believe that this is a wise decision, at least in trying to figure so far ahead, because with our domestic utilization now running from 800 to 850 million bu, it is obvious that we could only keep up these big clearances in years when we have phenomenal crops. According to the last government report, winter wheat may yield some 839 million bu, which is a reduction of 229 million bu from the 1947 outturn, but still is a very big crop based on average performance, and suggests that our total production may again be in excess of the billion-bu mark.

One thing becomes more apparent all the time: namely, that none of the other exporting countries can approach our part in the export program. It is not considered likely that Canadian shipments will exceed 200 million bu, and according to the authorities in that country to attain that goal it would mean a drop to 75 million bu in the carryover reserve next August. However, with a population of only 12 million persons, we see nothing dangerous in such a program. It is encouraging to note that Western Canadian grain crops should at least get away to a good start. According to recent reports, rainfall during the August-October period was well above normal in all three of the Prairie Provinces. Ordinarily, at this time, Southern Hemisphere pressure would be a factor, but thus far competition from that quarter is not affecting in any way world prices or world markets, but in the aggregate their proportion of shipments may be quite substantial during the coming months.

Primary receipts of wheat were a little larger today and amounted to 2,361,000 bu compared with 1,825,000 bu last week and 2,094,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 144,000 bu.

After early firmness in wheat there was some selling despite rather heavy removal of hedges by mills and it seems that the country is offering quite a little more freely on the advance. While no one elevator concern is buying a great deal, in the aggregate a fair amount of wheat seems to be moving now and this is making the market somewhat more two-sided. However, corn and oats firmed after early liquidation and recovered their losses and went into new high ground for most futures. This great strength could not be ignored and finally it had a rather sustaining influence on the wheat market with the result that there were very good recoveries and net losses for the day were not substantial although the deferred futures of wheat were under some pressure and they lost ground as compared with March and May.

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CHICAGO, 4

January 14, 1948

Temperatures over parts of the country were quite low, but not too severe in the Southwest, and the chances are that by tomorrow afternoon it will moderate. Therefore, this was not a factor. However, news from Washington was to the effect that efforts are being made to revoke the law whereby Congress had given a mandate to CCC that the carryover reserve at the end of the season should be preserved at a minimum of 150 million bu. We do not know exactly the source of this information, except that it was claimed that the administration may soon ask that this Congressional restriction be eliminated in view of the good prospects for the next crop. Likewise, it is felt that with Europe in dire straits, every effort should be strained to ship as much as we can before the new European harvests are available. When Congress fixed the limit to protect our country against a possible crop failure next year we believe that it was a safe and sane policy and certainly it is too early to reverse any such thinking at this time, because crops are not made in January or even in February or March. While the outlook from a moisture point of view is still satisfactory, much can still happen, and with the spring wheat not planted until sometime in April, we always regard it as somewhat of a reckless policy to always count on bumper crops, which after all are the exception rather than the rule. We admit that it is still possible to have a winter wheat crop of 900 million bu or more, and officials claim that conditions are improving almost daily in most of the Southwest. With this colder weather now the plant is hibernating, and it will be difficult to have very definite convictions until we get our growing weather in spring to see if there have been any ill effects of late planting or where seed was sown in dry land. It would still be the wildest kind of guess to figure out how much winter killing we may expect, and this likewise might be an important factor in final calculations.

Reports from Southern Hemisphere that we receive through Broomhall indicate that Argentine yields in the important producing areas have been considerably better than earlier expected. Thus the tendency is to raise estimates of the crop and also their exportable surplus. This authority figures on production in that country ranging between 220 and 257 million bu, on which basis there would be an exportable surplus of 110 to 147 million bu compared with shipments during the past year of about 82 million bu. If we add to this possible shipments from Australia, there might be a combined surplus in the two countries from 240 million to approximately 300 million bu, which is rather gratifying, as with the short crop in Canada it is not likely that over 200 million bu will be shipped from there. Also, of an optimistic tenor is the European crop news, and while Britain is never of such great importance, at least they had exceptionally heavy rain last week, which even caused flooding in some localities.

Primary receipts of wheat amounted to 949,000 bu compared with 1,029,000 bu last week, and 856,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 136,000 bu.

All oat deliveries and several corn futures sold at seasonal highs. This had quite a sentimental influence on wheat, although best prices of the day were not held. While pressure from the country was not heavy some hedges were placed at the time when PMA business apparently had been accomplished. Flour business has slowed down sharply, according to some authorities, and purchases by CCC of wheat have been next to nothing. Therefore, there was no particular covering of hedges from these sources. The President's economic report to the Congress renewed his demands for rationing, control powers, and certain crop regulations. However, this was merely a repetition of what had been asked for earlier this month, and therefore had no particular market significance. He talked about a $40 cut in individual taxes would have an inflationary effect, and he still wants his 10 point anti-inflation program approved. A little more attention is being paid now to larger reserves in the Southern Hemisphere, and Broomhall refers to the world statistical position, which he claims is less bullish, particularly with better prospects in Europe.

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CHICAGO, 4 January 15, 1948

It may again be timely to review the world grain situation. There is no doubt about the scarcity of grain in Europe and they probably will not receive enough imports this season to more than satisfy their minimum needs, but there seems to be agreement with Broomhall's contention that the world statistical position is much less bullish when he voices the belief that FAO estimates of supplies and requirement are in need of modification. Feed wheat consumption in the U. S. has been much less thus far than earlier anticipated. Large wheat crops have been gathered in the Southern Hemisphere and unexpected aid has been provided by Australian exports of oats and barley and the numerous agreements entered into by the Soviet Union. Moreover, Broomhall points out that a larger corn supply is available from Argentina compared with last year. Finally, since the Food and Agricultural Organization no longer finds it necessary to divert coarse grain for bread, he suggests that the minimum bread requirements at current high prices will be covered. European crops are off to a good start with larger acreages; recent moisture has greatly improved soil conditions and snow protection is afforded in many places. In some areas, however, the weather has been mild and there still exists the fear that a sudden frost would damage the grain. Nevertheless, the situation is vastly enhanced from the outlook at this time a year ago.

Before the war, the apparent wheat consumption in Europe was about 2 billion bu. Since that time, however, the population has increased about 6% but as an offset more grain is going into direct human consumption rather than through the fattening of livestock. Last year's crop was estimated at 1,020 million bu, which compared with 1,300 million bu in 1946, and the pre-war average of 1,588 million bu. It is fair to assume that production this next year might be somewhere between the two latter figures. Overseas exporters are more concerned with the western countries as the eastern sections normally produce a surplus quantity of grain, and there is a chance that Rumania again this year will reach its pre-war status. Some countries depend largely on a corn diet and that crop has already returned to pre-war size for Europe as a whole. However, with the exception of Italy, the main producers are behind the iron curtain; Italy's corn acreage has not as yet reached the pre-war acreages.

Last year, world wheat shipments were about 925 million bu, and the year before 825 million. This year the U.S.D.A. estimates they will run 865 million bu including some from Russia and other countries. While carryover stocks of grain will be at a minimum when the European crop is harvested this year, the current level of prices seems rather high on which to rebuild stocks. Therefore, it is hardly to be expected that these deficit countries will want to import more grain than they need for their season's food requirements, as it is likely they will be able to import feed grains for their livestock. If such is the case and crops turn out as indicated at this early date, to say the least, Broomhall's contention would be correct that "the world statistical position is much less bullish."

Primary receipts of wheat today totaled 1,649,000 bu compared with 1,399,000 bu last week, and 1,413,000 last year. So far this week Kansas City and Minneapolis stocks show a net increase of 1,959,000 bu.

There was some buying in the Southwest on part of the CCC, although quantities seemed to be of rather modest proportions, and it is believed in some quarters that the government agency's buying today may have been aimed more to bolster wheat prices against those of corn rather than the actual need of wheat supplies. From what we can gather, the CCC did not show any inclination to follow the advances in the futures market, and were more interested in purchasing on a flat basis. Further strength was imparted to the market through apprehension over a new cold wave developing throughout the Southwest, although the latest weather report did not seem to indicate any zero temperatures, except in Nebraska, and along the northern boundary of Kansas. There is very little snow-covering left, and fear of some possible damage persisted throughout the session.

The Minneapolis office of the CCC reported they had made no purchases of wheat during the period from noon Tuesday through noon Wednesday, and the Kansas City office reported the same, although they did intimate that they were interested in acquiring supplies at 16¢ over the Chicago May wheat. However, as mentioned above, they did not follow the market.

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CHICAGO, 4 January 16, 1948

It seems that the whole country is in the grip of a cold spell, and low temperatures are reported even in southern localities, but yet it does not seem as though we were experiencing damaging temperatures in the winter wheat belt, except possibly in the northern tiers. It has also been our experience that when there has been fairly good moisture even without snow-covering, topsoil freezes, and, therefore, the cold does not penetrate deep into the roots. On the other hand, when the land has been dry and the soil becomes cold to a great depth, it is quite a different story. At the present time, some snows are falling in various parts of Texas and western Kansas. The relief is not complete but our friends are not particularly alarmed over the prospects. Probably by tomorrow higher thermometer readings will prevail, but, nevertheless, there seems to be a little better buying of July and September wheat than there is of the old-crop futures. Thus the spread has narrowed. With corn prices at seasonal highs, and with the CCC moderately interested in buying wheat, we had rather firm prices at the opening and shortly afterwards. It does not appear as though the government were an aggressive purchaser of wheat, and apparently they are not inclined to follow advances; however, they did buy about a million bus between Kansas City and Chicago yesterday.

In studying the government report dealing with cattle presently on feed, we learn that as of January 1st, there was a decline of 12% as compared with a year ago, the smallest figure since 1940. The estimated number this year is 3,774,000 head compared with 4,253,000 head in the five years, 1942-46, inclusive. The number of sheep and lambs on feed for market on January 1st this year was 16% less than last year, and the smallest number since 1928. We feel certain that hogs are likewise being liquidated, and consequently there is the normal adjustment in feeding operations that generally takes place when we have a poor corn crop, and here again is where the factors of supply and demand come into play.

During 1947, farm wages rose 7%, and there are at the present time 8,129,000 persons at work on farms, which is a few less than a year ago. Of course, at the moment there is little outdoor activity and progress, except in some of the southern areas. Nevertheless, December was a rather mild month in most parts of the country, and during the last week in December, quite a little farm work was accomplished under rather favorable conditions. There are some farmers in the North Central regions who are still harvesting corn and soybeans, but we presume that most of this work has already been accomplished.

Meanwhile our people at home are all well provided for, despite the large food exports, and the per-capita consumption of food set a new record during the past year, being about 118% of pre-war average, (1935-39). With employment at a high level, distribution of food among consumers was probably more uniform than at any other time in our history. The distribution was likewise supplemented by definite programs aimed at improving the nutritional status, but adequate incomes were probably the main reason for the change. The past year was also marked by an increase and better use of fertilizer and lime, which added greatly in maintaining such a high volume of agricultural output.

Primary receipts of wheat today amounted to 1,168,000 bu compared with 1,147,000 bu last week, and 1,609,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 79,000 bu. When the visible supply is posted on Monday, it will compare with last year's decrease of 3 1/2 million bu.

There was fairly good support in the market throughout the session, and many people were of the opinion that CCC was paying higher prices than yesterday for its wheat, which probably was a factor. This likewise brought late strength into the May delivery, whereas earlier the new-crop futures had been the strongest. He would judge on basis of clearances and other figures at hand that the government probably still has about 100 million bu wheat and flour to procure from the present crop. Yesterday's trade in the pit amounted to 13 million bu, and we presume that today's volume may have been much the same.

There is not much to report about corn except that country offerings are still small, and this does not permit a building-up of reserves at a time when we generally get our accumulations.

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CHICAGO, 4 January 19, 1948.

Weather is not a particularly important factor in the grain market at the moment, and as a matter of fact the really severe temperatures had not visited the Southwest, although it is a little colder now in many parts of the winter wheat belt than it had been last week when the country as a whole had been in the grip of zero and sub-zero themometer readings. It is generally conceded that with moisture in the ground less damage is likely than in those years when the soil is dry, even when there is insufficient snow-covering to adequately protect the plant.

This being the case most attention is centered on the cash wheat situation, the quantities that are being offered by the country, and likewise purchases on part of government. We are in a period now when ordinarily Southern Hemisphere pressure would be a reasonably important factor. It is quitelikely that shipments from both Argentina and Australia will pick up, although since August 1st, their clearances were not much heavier than a year ago, with only 6 million bu more shipped from both of these countries than in the previous season. In the same period, Canada cleared 11 million bu less, and she is apparently determined that the carryover reserve at the end of the crop year will not be cut below 75 million bu. We recall the time when 10 million bu was considered not too dangerous, and with a population of some 12 million people we hardly see the necessity for trying to maintain such a large stock when the world needs are so urgent. We in this country have contributed most toward the requirements of the importing countries, and have shipped 125 million bu more since last August than we did the previous year, but, of course, we also had the largest crop of record and were in position to acoomplish this without hurting ourselves.

There is some wheat being accumulated by CCC, but their recent purchases have not been overly aggressive, and for example, on Saturday, while they took moderate quantities, the market broke rather sharply because support from that source was insufficient to take care of liquidating sales that came into the pit. The same must have been true today because there was no actual pressure from the country, and in fact, farmers are selling rather sparingly. We are told that this is not so much due to any dissatisfaction over the price level, but rather that producers are waiting to see how their new crop turns out before selling on a heavier scale.

According to Broomhall, the Australian surplus of wheat this year is tentatively placed at 125 million bu. This would be a reasonably good contribution in view of the fact that weather at harvesttime was not too good and some deterioration was reported. However, it still remains to be seen how much of this will be destined to Europe. For the twelve months of 1947, Australia cleared only 7.7 million bu to Europe, and nearly 45 million bu to non-European countries, but in view of the pact that was made with Britain, we presume that probably larger quantities this year will go to European destinations, which may relieve the burden somewhat on the other surplus nations.

The visible supply statement was issued after the close but wheat showed a very large decrease amounting to a little over 4 million bu. Chicago stocks declined 249,000 bu and are now 4.4 million bu. There was an increase in corn of 404,000 bu, the first in several weeks but oats declined 739,000 bu and there is only about 1.3 million bu here in Chicago.

As the session wore on, it became obvious that it would take more support to prevent further declines in the market particularly with the weakness that was registered in securities. Undoubtedly the latter was a contributing factor and behind it all was the unsettlement in France and the most common report on the Bourse was that the pending devaluation was only a first step in a long range plan to devalue all the currencies of Western Europe in their relation to the dollar. While this, in the final analysis, might be contructive, meanwhile, of course, it would lessen European purchasing power and in any case wheat values declined with the close at almost the lowest quotation of the day. Cash premiums were weaker here and in the Southwest. It seems that for the moment domestic demand too has slackened although the marketing of farmers' grain showed little increase.

Corn and oats were down in sympathy with the leading cereal and cash markets were likewise easier.

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CHICAGO, 4 January 20, 1948.

We had several international wheat agreements before the war, but generally they were not worth the paper on which they were written. Of course, at that time conditions were different, but nevertheless the world was at peace, and thus there were great efforts toward trying to get an equitable distribution of the shipments during a period when there was more grain in the world than was needed by the importing countries. At that time prices were low, and the four large exporting countries were vying for preeminence in the field of exports, or at least were trying to get their fair share because the requirements from Europe were limited. We recall that at least on one occasion that Argentine became a party to the contract but shipped more than its share without making any excuses or explanations. The trouble also stemmed from the fact that those who bought wheat wanted it at the cheapest possible price, and in a general way Britain took about half the grain that was shipped to Europe. Consequently, her buying tactics were important, and she purposely tried to keep the price level low, as it was to her advantage to do so. The exporting nations, such as Canada, the United States, Australia, and Argentina, were on the other hand interested in getting higher prices, but even the attempts of great governments were futile because there was more grain raised than could readily be absorbed. So it became popular for each of the countries just mentioned to individually attempt some plan that would benefit agriculture. In Canada they had the Wheat Pool, which accumulated a vast surplus, and had it not been for the war, this might have been a menace for many years to come. We had our own experience at home with the Farm Board, and prices were kept artificially high so that we withheld our surpluses from commercial channels, with the result that for many years afterwards we had quite a depression, and had it not been for the four years of drought, it might have finally brought about a disaster.

We do not learn exactly what is being considered at the next meeting to consider another international wheat agreement, but we understand that attempts will be made to establish a fair price that will be acceptable to both importers and exporters. Our experience has always been that if prices were held artificially low, supplies were dissipated. This occurred during the war when there was a ceiling on corn, and when bumper crops were used up because itwas more profitable to feed corn than to merchandise it. We likewise consumed much more wheat through feeding channels than if the price element had been permitted to sway under normal supply and demand conditions. Whatever the complications may have been years ago, they have become greater now. The question of food is uppermost in the minds of everyone. While it has become unpopular to have prices too high, yet it cannot be forgotten that through inflation the farmer, too, is paying more for his labor, more for his purchases, and more for everything he consumes; so while a price of $1.50 some years ago might have proved adequate, even the government now recognizes under a system of parity that everything has changed. On paper some of these artificial programs often seem attractive, but we can only repeat again that many of them have been tried, and virtually all of them were doomed to failure almost from the start. With all the difficulties that have been experienced even by wealthy countries, such as ours, to prevent severe declines on the one hand, and to keep prices from skyrocketing when we shipped more than we could afford, it brings to mind that any international agreement will result in secondary consequences never dreamed of by those trying to negotiate a plan, which on the surface, might prove to be workable.

Primary receipts of wheat today amounted to 1,448,000 bu compared with 2,361,000 bu last week and 1,633,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 100,000 bu.

Shortly before mid-session, CCC announced that their buying of wheat for the twenty-four hours ending noon Monday amounted to nearly 2 million bu, including Kansas City and Chicago purchases, and this brought to mind that this buying was still a potent factor and we had a rather substantial rally. On the other hand there seemed to be a little follow-up business today, and present prices were not maintained, particularly when liquidating orders came into the pit.

Corn and oats were likewise very strong at times but Northwest interests sold, and this likewise brought about reactions.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 21, 1948.

There was no special news overnight. Trade is not paying much attention to the weather at the moment; the Southwest is reporting little or nomoisture, but it seems to have moderated, and we are having typical weather that one might expect during January. Naturally more moisture either in the form of rain or snow would be welcome before the growing season starts, but for the moment there is no apprehension.

Most attention is centered on the volume of government purchases, and for the last reporting period the CCC bought 1 1/2 million bu of wheat through their Chicago and Kansas City regional offices. At this rate we would judge that after March 1st they may have completed their program (exclusive of flour), unless, of course, the goal is increased. However, with the present mandate to keep a reserve in this country of 150 million bu on July 1st, we presume that shipments of wheat and flour will have to be in theneighborhood of about 450 million bu; thus we are gradually taking care of that commitment.

The European crop news seems to be reasonably good. Weather conditions during the past week for most of the Continent were again favorable for winter crops, and good moisture was received in many sections, so there must be almost an entire absence of complaints. According to Broomhall estimates of acreages are still scarce, although most advices indicate that these have been expanded somewhat compared witha year ago. As near as we can judge, they may raise 250 million bu more than the poor harvest of last summer, which, of course, would be helpful, but would still be about 250 million bu smaller than the pre-war average.

In India prospects are not too good, and reports are to the effect that a dubious start throws a shadow upon the next crop with inadequate rains during the past several weeks, although conditions have not yet approached the critical stage, and if there should be good rains within the next 2 or 3 weeks it would still be possible to obtain satisfactory yields.

Here at home there is still an absence of pressure, not much wheat is being offered from first hands, and we presume the farmers are waiting to see how wheat looks before selling more heavily. Thus, we may have a light primary movement during the latter part of this month and during February, which is often thecase.

The Chief of government grain buyers testified in Washington today that only 75 to 80 million bu more wheat and flour was necessary to complete the program of exports for 520 million bu of all grain promised by the U. S. for foreign aid. Jesse B. Gilmer, President of the CCC told theSenate Agricultural Committee that he was confident there would be a carryover or stockpile of wheat on July 1st for domestic use of 150 million bu, or more, as directed by Congress. At today's meeting Mr. Gilmer said that although March allocations for export have not yet been announced, commitments have been made so that the CCC requires only the 75 to 80 million bu to be purchased during the present marketing year. Government officials called attention to the fact that there was 427 million bu of wheat left on farms, so that together with the quantities in other positions that it should leave enough for an ample carryover.

Primary receipts today amounted to 854,000 bu compared with 949,000 bu lastweek, and 1,181,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 14,000 bu.

In the last hour of trade a little more bearish sentiment developed. The fact that an official announcement had been made that we had only a relativelysmall quantity of wheat and flour to buy to wind up this huge export program was undoubtedly the main influence. While it seems sometime back that there would be some difficulty in procuring the last 100 million bu, we are making such favorable progress now that undoubtedly the market will receive poorer support between now and the next crop. At the same time there is hardly any hedging pressure coming into the market, but on the theory that farmers maysell on a more liberal scale if crop prospects are maintained, those who have been long for some time regard the $3 price as somewhat debatable, and we would judge that more two-sided markets are now in prospect.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 22, 1948.

The Mid-West is again experiencing a cold wave, but it seems that the low temperatures did not reach the Southwest, and in fact, it appears to have moderated to some extent even being warm enough for rains to be received at Norton, Kansas. Thus, weather is not a factor at the moment, but webelieve the main influence is a report given by a government official yesterday indicating the ease with which purchases were being made by CCC and the relatively small amounts stillto be procured. While we never attempt to keep their books, we have stated frequently in our market letters during the past fortnight that probably less than 100 million bu was about all that was needed to complete the export goal, but apparently this was a conservative figure, because now we are officially told that 75 to 80 million bu wheat and flour is all that is required to attain what has probably been the heaviest year of shipments in our history.

The trade has also been furnished figures on farm stocks as of January 1st, and we know what the commercial visible supply was at that time, but tomorrow we shall receive first-hand information as to the stocks held by big mills; likewise the amount of wheat held in country mills and elevators, so that we shall have all the data necessary to make proper comparisons. We are frequently asked what would be considered bullish or bearish. Since the trade generally refers to the previous year, we shall try to do the same at this time in an effort to determine the basis on which a reserve of 150 million bu next July could be met. In 1947, the total quantity of wheat in these four positions amounted to 642 million bu. We finished the crop-year with a carryover of 83 million bu; so it is obvious that the six months disappearance was 559 million bu. It, therefore, appears as though the total quantities inall four positions for the current season would have to reach 750 million bu if we are to have 150 million bu left over on July 1, 1948. In order to complete the export goal on wheat, we must still clear about 190 million bu. As far as seed requirements for spring wheat are concerned, with the acreage goal about the same as last year, we assume that 23 million bu will be used this year, which leaves two other items still to calculate: namely, the amount of wheat for feed and for bread consumption. The latter, of course, varies somewhat according to price, and particularly when there is such a big spread between old and new-crop positions. However, for practical purposes it seems reasonable to figure on 250 million bu being consumed domestically for food purposes, or in other words, half what is annually utilized. As for the other item, by which we mean the amount of wheat fed to animals, the government estimate has been reduced to 200 million bu, but this is an unknown quantity, because much will depend on the relationship between corn and wheat prices, although at the moment we are informed that even with the relative strength in corn, the extra feeding of wheat in the surplus areas is not expanding.

Kansas City and Minneapolis stocks so far this week show a net decrease of 151,000 bu. Primary receipts are 438,000 bu lighter than last week, totaling 1,211,000 bu and compare with 1,692,000 bu last year.

Markets were quite weak during the first part of the session but later on there was a forecast that a cold wave would reach Kansas by tonight or tomorrow with possibly zero temperatures to 5 degrees below and since there is very little snow covering, this was regarded as at least a threat to the crop. During the day, a few snow flurries were reported in parts of western Kansas, but apparently the main areas are still bare of protection. A strong northwest wind prevails and apparently the low temperatures that we have experienced in this part of the country are moving southward.

The government bought about 1 1/2 million bu of wheat during the last reporting period through their Kansas City and Chicago regional offices and we think that some further quantities were handled today although the volume was not too large. In any case, the market is quite susceptible to any buying or selling which is still a reminder that later on crop scares may have more than the usual influence.

Corn and oats sympathized to some extent with wheat. However, when we look at present prices as compared with the season's highs, we find that coarse grains have held relatively firm. This is due to the fact that there is no pressure from the country nor any reserves being built up at terminal markets.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 January 23, 1948.

According to figures just released by the U. S. Department of Agriculture, commercial meat production in the United States during the nine months of 1947 was 4% larger than the corresponding period of 1946. During the first nine months of 1947 the number slaughtered was up 19% for cattle and 17% for calves over the comparable period of 1946, although at the same time hog slaughter was down 3% and lambs 22%. The average liveweight per head was down2%, making a net increase in total liveweight of 17%.

The recent reports of grains available for feeding indicated a close adjustment for feeding purposes during the balance of the season. While reports have not yet been gathered of the number of livestock on farms January 1st, the current estimate is for 134 million grain consuming units. This would be 4 million less than last year and down about 13 million from two years ago. The indications are that we have 5% less feed per animal unit than the five-year average but it is believed that we will not feed each animal as heavily as recent years, but rather conform to the five pre-war years. Even under these conditions, we will probably reduce our season's end stocks to small amounts. The relation in price of feeds, as compared with the livestock and poultry, has completely changed from a year ago. Using the December 15th farm prices, we find that corn in 1947 was selling at $2.37 whereas a year ago it was $1.22; oats were $1.18 versus 81¢; barley was $2 against $1.36, and grain sorghums, which are used in the far Southwest, were $3.61 per 100 pounds as compared with $1.97 a year ago. On the other hand, livestock prices were $24.90 for the average price of 100 pounds of hogs as compared with $22.80 a year ago; beef cattle was $19.80 compared with $16.50, and milk was actually lower, $5.02 as against $5.10 in December 1946, with eggs about 59¢ a dozen against 47¢. The ratio of feed against eggs showed that in December the value of 12 pounds of feed equalled one dozen eggs where a year ago one dozen eggs was equal to a value of 13.3 pounds of feed, and two years ago in December 1945, one dozen eggs equalled the value of 16.2 pounds of feed. The strong incentive to use grain in this manner is lacking, and the cash value is also considerably higher than what used to be considered fair prices. Using the average in 1937-41 as a 100% base, corn in the middle of last December was worth 450%, oats were up to 356% of that pre-war average, barley was selling at 436% and grain sorghums 430%.

After the close of the market today, the government will release its compilation of grain stocks in interior mills, elevators, and warehouses, which will then complete the statistics of wheat stocks in all positions as of January 1, 1948. We will then have a clearer picture of the disappearance during the first six months of the crop year, and also a clearer picture as to the possibilities of the government raising its export sights and still retaining 150 million bu in the carryover on July 1st, as presently provided by law.

Primary receipts of wheat today totaled 884,000 bu against 1,168,000 a week ago, and 1,589,000 the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 221,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 1,573,000 bu.

Temperatures throughout the Southwest were quite low, with zero and below being registered in parts of Kansas. The present forecast seems to indicate continued cold weather for the next twenty-four hours, followed by rising temperatures, and the five-day forecast is for warmer weather with very little precipitation.

Some apprehension was felt by traders earlier this morning due to low temperatures. It is impossible to appraise at this time whether any damage was actually done, although there is good subsoil moisture, and, therefore, the cold does not penetrate to the same depths. As one statistician stated today, although there is very little snow-covering, the greatest damage to wheat is from alternating freezing and thawing.

The Commodity Credit Corporation reported the purchase of 1,040,000 bu wheat in Kansas City and 670,000 bu wheat through the Chicago office in the twenty-four hour period ending at noon on January 22nd. Undoubtedly there have been further purchases made since that time, and it appears as though in the past 24 hours fair sales were made to the government agency in the Northwest. Considering the amount of wheat purchased recently and the low temperatures, wheat has not given a very good account of itself, and would undoubtedly rule at somewhat lower prices were it not for government buying. Meanwhile marketings from the country are of very modest proportions.

DAILY MARKET LETTER

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CHICAGO, 4 January 26, 1948.

With the large crops that have been harvested in this country during and since the war, we hear so much about the increased use of fertilizers, the great expansion of mechanized farm implements, with improved varieties. We also haveseen the development of hybrid seed and general improvements in farming practices, but all of this could not have given us the big harvests had it not been for thefact that weather on the whole was more favorable with respect to moisture than over an average period. On the other hand, when Nature was less provident, as was the case with our corn crop last summer, and there was too much rain at seeding time but not enough later on when the plant was developing, we came face to face with the reality that 3 billion-bu crops were the exception rather than the rule. Thus there came great encouragement this morning when widespread snows were reported over the Southwest areas. There was not a crying need for this moisture at the present time, but as we have mentioned in our market letters earlier, snow-covering does two things: first of all, it protects the plant during periods of extreme cold, and secondly, it affords moisture which is better than rain because of the snow melting process, and, therefore, assures the plant of a better start when growing weather sets in probably in March. The reports showed a much more general snow coverage than we have had in some time, and the map also suggested that there will be considerably more moisture during the next twenty-four hours.

At a time when Europe has not yet fully recovered on an agricultural basis, the demands on surplus nations will be heavy, and surely the success of any European recovery program depends to a large extent on food. As an example of how our own exports have been stepped up, we call attention to a statement made by Secretary Anderson a few days ago when he pointed out that before the war the United States exported 4.6% of all grains moving into world trade. Last year with almost the same total world movement of grains, we exported 52.4%. Had it not been for our help it is very doubtful whether many Europeans could have been kept alive, because even with rationing and curtailed diets, western Europe's own wheat production last season was still substantially below pre-war --probably as much as one-third less, whereas her population had increased by about 8%. Also, the reduction in supplies of meat, milk, and eggs, and in fact, most of the other major food items contributed much toward those hardships abroad. Even with all the aid that was extended, grain supplies had to be stretched, and Europe cut down on livestock feeding, thus even using portions of coarse grains for human food. The result was and is a distressingly poor diet for many millions of people.

Primary receipts of wheat amounted to 1,787,000 bu compared with 1,852,000 bu last week and 2,541,000 bu last year. When the wheat visible was posted there was a decrease of 3 1/2 million bu. Total stocks in all positions are now 102 1/4 million bu which is still 63.6 million bu larger than the amount on hand a year ago. Chicago stocks decreased 321,000 bu leaving a little over 4 million bu still here. The U. S. corn visible increased 1 1/2 million bu but there was a decrease in oats of 469,000 bu.

Markets at no time were very strong although early in the session coarse grains displayed a better undertone than did wheat. We kept getting messages during the session that it was still snowing in many parts of the Southwest, and, of course, this placed a damper on bullish enthusiasm which might otherwise have come with some buying on part of the CCC. Their purchases in the Southwest for the last reporting period showed 740,000 bu acquired and apparently this agency is still willing to pay 16 over Chicago May for Gulf wheat but there was more selling than buying today based on the favorable weather reports and there was likewise a little more pressure on May than on July despite the fact that the new crop futures might have been liquidated because of weather. Nevertheless, the premium of May over the deferred months is so great that this does not surprise us and if we finally have a carryover of 150 million bu on July 1st, we expect to see further closing of the differences between old and new crop.

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CHICAGO, 4 Jan. 27, 1948.

It is a little early to appraise the full effects of the devaluation of the French franc, and while English authorities strenuously deny that any action will be taken on the pound sterling, nevertheless, the pressure may become too great and the trade disadvantages too large to prevent similar steps in the sterling area. From a standpoint of sound economics it probably would be preferable to have a restoration of free money markets and do away with all artificial supports. While this undoubtedly would cause hardship in certain quarters, it would do away with a great many government restrictions. As far as France is concerned, if more confidence is now expressed in the present franc, there may be less hoarding by those who had lacked confidence in their currency. This in turn may lead to freer marketing of grains on part of the peasants and less resorting to black market operations. It has been common gossip that much of their wheat has been fed to animals on account of the restricted government prices and the products of the animals sold in the black markets. Another repercussion of devaluation could be in minimum demand for import commodities until such time as larger dollar balances have been built up through exports.

Advices from the Southwest continue to state that farmers are not selling very much of the wheat that they have had in storage for some time, and there is still a large percentage of some of the terminal stocks still owned by producers. This holding movement not only refers to wheat but also to milo, which is currently priced lower than corn. We would think the significance of the latter is quite important insizing up the feeding of wheat. The use of wheat for feeding so far this season has been considerably under a year ago, with estimates for the first six months running about 70 million bu compared with 115 million bu last year. For the entire season a year ago, about 190 million bu wheat was fed, 75 million bu during the last six months of the crop year. This year, after providing for the various uses, including exports, there remains 130 million bu as a minimum for feed, which would thenallow 500 million bu wheat for export, which is 50 million above the current goal; so if feeding should rise to 180 million bu, the administration could still carry out their present program. Wheat feeding reached its largest total during the season of 1943-44, with 487 million bu consumed. 200 million bu was used in the January-June period, and it seems that we have almost this quantity available during this season, although conditions are very different. During the war years wheat for this purpose was priced at considerable discounts, and much of it was used in eastern sections of the country which definitely is not the case this year. During the year of the largest wheat feeding, we imported 136 million bu from Canada solely for this purpose. The year following we imported 42 million bu and fed during the entire season 281 million, of which 125 million bu was in the last six months. Feeding incentives generally have taken a reverse trend this season, as ratios between grains and livestock and poultry are poor, and despite the high price for grain, there is a ready market for those producers who wish to sell so they do not have to fall back on livestock use in the disposal of this year's production.

Primary receipts of wheat today totaled 1,323,000 bu vs. 1,440,000 a week ago and 1,633,000 the comparable day of last year. So far this week, Kansas City and Minneapolis stocks show a net increase of 35,000 bu.

The Kansas City office of CCC reports today that 1,787,000 bu wheat was purchased in the period ending Monday noon. In other words, from Friday noon to Monday noon, as no reports are issued on Saturday. The government agency reports that for the week of January 16th to 23rd, approximately 8,400,000 bu was purchased, bringing total purchases since July 1st to 201,391,000 bu wheat, and 38,572,331 bu wheat equivalent as flour. In addition the government owned about 52 million bu on July 1st. The Minneapolis office of the CCC reported the purchase of 140,000 bu of wheat but we have not as yet seen any report from Chicago.

Temperatures in the Southwest have been quite low although most sections report sufficient snow covering. The forecast seems to indicate some warmer weather by Wednesday. Selling was evidenced in all pits this morning with very few buying orders being uncovered. This was particularly true in corn and liquidation was in evidence on the part of brokers who have usually acted for some long interests.

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CHICAGO, 4 Jan. 28, 1948.

Yesterday, the House Banking and Currency Committee refused to approve legislation to continue the government's powers to allocate grain for the production of distilled spirits, and such powers expire on January 31st. Unless distillers voluntarily ration their production they will be free after the end of this month to proceed with their normal distilling. Meetings are taking place in Washington with the representatives of eight industries, including baking flour millers, mixed feed manufacturers, dry corn millers, to explore the possibilities of grain conservation measures through voluntary industrial agreements. What constructive thoughts will develop from these meetings is difficult to surmise, but in some quarters it is felt that very little will be accomplished on the voluntary program, and that later arguments will be advanced for mandatory controls, rationing, etc., although it would appear that the temper of Congress is very much against the passing of laws for price control and rationing.

Crop reports from Europe are more encouraging. It is now practically the first of February, and unless the 1948 crops here and abroad are subjected to extremely adverse conditions, it would appear that the worst emergency is passing. The government report of stocks of grains in all positions as of January 1st would indicate that the mandatory carryover of 150 million bu wheat should easily be met on the present export program, and possibly provide for some additional exports. As far as the 1948 crop is concerned, it is too early to make predictions. Some apprehension has been expressed over the low temperatures throughout most of the winter wheat belt. The Missouri weekly crop bulletin stated that some observers thought there would be damage from the low temperatures. The same thought is expressed in the Nebraska weekly crop report. However, part of the territory has received snow since the reports were compiled. In checking up throughout the Oklahoma grain belt with those considered experts, they tell us that while snowfall was rather light, the opinion seems to be that the temporary cold spell has not hurt wheat through that territory. The Oklahoma and Texas Panhandle received more snow than the north central sections, but even in the latter part the snow was beneficial and enough stayed in the drill rows or rough ground to be of some protection. The general feeling of those we have contacted is that they do not contemplate any damage from the present cold snap as long as temperatures do not go from one extreme to the other.

Another item of interest from Washington is the reconvening of the International Wheat Council to again seek a World Wheat Trade Agreement. There still are no more hopes of any program being evolved than in past conferences. In earlier years when wheat prices were depressed, exporting nations were concerned with the attempt to protect producers. Today conditions are quite reversed. Prices are high, growers are generally in a prosperous condition and not too much concerned about the future. Undoubtedly today the ideas of exporters would not be the ideas of importers. We have seen in the turmoil following World War II how difficult it is to get different international interests to agree on programs. We still do not have the terms of peace for Europe and only within the past few days France has overridden international agreements by voluntarily devaluing the franc. Certainly farmers in this country today would not be satisfied with a price commensurate with the agreement between England and Canada, and while present level of prices may not be maintained, there is every reason to believe that there will be sufficient demand for agricultural products the next few years to assure farmers of adequate returns on the free and open markets.

Primary receipts of wheat today totaled 743,000 bu compared with 854,000 bu last week, and 980,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 102,000 bu.

The volume of milling business is not very important at the moment, and the cash market is deriving its main support from CCC purchases; their Kansas City office reported 708,700 bu of wheat purchased for the 24 hours ended noon Tuesday, while the Minneapolis government office reported 100,000 bu spring wheat purchased in the same period.

In view of the action taken by the House Banking and Currency Committee yesterday, there was evidence of corn buying at the opening by those closely allied with the distillery interests. Throughout the major portion of the session advances were not maintained, and the market had a rather weak undertone; recoveries took place, and closing quotations generally were higher than the previous session, although the bullish enthusiasm so much in evidence in the past has been somewhat tempered for the moment. UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 January 29, 1948

The word "planned" has more or less been used indiscriminately in the discussion of economics and of world problems during the past fifteen years. To successfully plan, one must be able to appraise present conditions as well as forecast with some degree of accuracy coming events. The planned programs for agriculture since the early 30's have been mainly directed to the prevention of undue declines in farm products caused by overproduction, although it probably would be better to say "underconsumption," as the world as a whole has never been properly fed. The farmers of this nation were called upon during the war and since for an all-out effort on production in order to take care of our allies and deficit nations. It was with this in mind that the present law was placed upon the books, assuring the farmer loans at 90% of parity for a two year period following the ending of the war. In the present prosperous condition of the producer, it might be timely to reconsider the loan program and to set same at a more realistic figure. As far as this country is concerned, it is not so long ago that planners were forecasting a more or less static population around 1950. Apparently the war has considerably altered this viewpoint. The National Committee on immigration policies is forecasting a population of 159 million in 1970. This would mean in terms of wheat an additional consumption of 160 million bu. Therefore, it appears that in view of our rising population, large yields in this country even on present acreages should not present the same problem as we have had in the past when large crops have been raised.

The difficulty surrounding the 90% loan seems to be reflected in the present incongruous situation surrounding eggs. As of January 1st, the government owned approximately 30 million pounds dried eggs and 59 million pounds frozen eggs, which are now being held in cold storage. The dried eggs are being offered for sale for export at a fraction of their original cost, while the frozen eggs are being offered at about 34 3/4¢ a pound domestically. The Army is asking for bids to be received by January 29th of 600,000 pounds dried eggs, but apparently are not interested in the dried eggs now in storage because of the deterioration in quality. It is generally assumed by the trade that the 1948 support program under the Steagall Amendment will start off at around 38¢ to the farmer, plus 2¢ for delivery to processors' plants, and it is contemplated that the government will again have to support the market by the purchase of dried and frozen eggs, thus adding a considerable amount of dried eggs to the large amounts which they now have in storage. In the opinion of those well versed in that industry, most of the dried eggs eventually, due to spoilage, will have to go to animal feed. Were the support prices altered downward, this condition would probably not exist and the housewife would get the benefit in her daily budget. On the one hand, certain quarters are asking for rationing and price control to combat the high cost of living, while on the other hand, due to present legislation the government is forced to keep prices up.

Primary receipts of wheat today totaled 740,000 bu vs 1,211,000 bu a week ago, and 1,037,000 bu comparable day last year. So far this week combined stocks in Minneapolis and Kansas City show a net decrease of 333,000 bu.

The weather has moderated in the Southwest, and reports are being received of additional moisture. For example, Liberal wired it has been snowing hard all morning and staying on the ground. Points in Oklahoma also were reporting snows, and we hear the same thing from the Texas Panhandle.

The market had a weak undertone during the early part of the session, but recoveries set in after it had been announced that President Truman was requesting Congress to extend until October 31st his power to control the use of grain, stating that the present shortage jeopardized the national security. This was probably done in view of the House Banking and Currency Committee's refusal to extend control over distillers beyond January 31st. However, Chairman Wolcott, of the Committee, indicated that the Committee was not contemplating any immediate action looking toward an extension of the administrative authority to allocate grain, particularly in view of the fact that foreign countries are using exports to manufacture whiskey instead of food.

There was some flour business consummated for export, but mainly on the Pacific Coast, while new domestic business seems to be pretty much at a standstill. It is expected that the March allocations will be scheduled tomorrow afternoon, and some of the buying today may have been in anticipation of expected business.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 January 30, 1948

The March allocations are expected almost momentarily -- possibly after the close this afternoon. It is believed, due to the more liberal stock of grain in this country as of January 1st, that there will be a tendency to increase exports beyond the 450 million bu previously announced as the goal. President Truman yesterday stated that it might be desirable to export at least 500 million bu for the season. When February allocations were announced on December 22nd, it brought total wheat and flour in wheat equivalent to 333 million bu, since which time there have been some minor changes. This would leave a minimum of 117 million bu, or close to 30 million bu per month to be acquired for both the government and private trade in order to reach the previously announced season's export goal of 450 million bu. If this were raised to 500 million bu, total allocations to be met would be 167 million, or an average of 42 million bu per month. However, as we must maintain a carryover of 150 million bu, the administration will have to be cautious and more or less feel their way along, so that we do not overexport and find ourselves with less than the mandatory amount as of July 1st. Statistics are never accurate, although in figuring stocks at the end of the year, probably a more accurate count can be made than at any other time. The greatest possibility for error would come in estimating the amount of wheat used for feed. Up to January 1st, it is figured that 70 million bu was so consumed, and statistically it would appear that almost double this quantity could be consumed in the last six months and still carry out provisions of the law and the President's endeavor to raise export goals to 500 million bu.

When January 1st stocks were given it disclosed the location, showing that the Southwestern area had 385 million bu as compared with 237 million bu a year ago. The four Northwest States which produce most of the spring wheat had a total of 185 million, or approximately the same as a year ago, although there was a considerably smaller quantity available for Pacific Coast exports. Recent purchases of the CCC have been largely in the southwestern area and have included to a major extent wheat tributary to the Gulf, as due to market spreads much of it could not be originated in the interior. The State of Kansas had 97 million bu on farms as of January 1st vs. 60 million bu the previous year; also considerably larger stocks in off-farm positions. Recently producer selling of wheat both from farms and held on storage in terminals has diminished since the moderate increase after we entered the new income tax period of January 1st. The latest total given by CCC covering purchases up to January 23rd brought same to 240 million bu wheat and flour and wheat equivalent, which together with 52 million bu held by them on July 1st, accounted for 292 million bu. This was about 32 million bu over their share of allocations up to the end of February. Thus it appears that they have not as yet purchased sufficient quantities to carry their export clearances through the month of March.

Primary receipts of wheat today totaled 926,000 bu vs. 884,000 bu a week ago and 1,720,000 the comparable period last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 592,000 bu, and when the visible is posted on Monday it will compare with a decrease last year of 1,006,000 bu.

Temperatures Southwest have moderated while the five-day forecast indicates 3 to 5 degrees above normal for Nebraska and near-normal for Missouri, Kansas, and Oklahoma. There was some additional moisture in scattered areas, although the Oklahoma Panhandle had as much as 12 inches of snow.

Purchases on part of CCC have somewhat slowed up their Kansas City office reporting that for the period ending Thursday noon, purchases totaled 140,000 bu, while in Minneapolis they acquired only 50,000 bu during the same period.

A little friendlier tone existed to the market the early part of the session but as the morning proceeded it appeared from information received that export quotas would definitely not be issued this afternoon and might be delayed well into next week because of lack of agreement on totals. This caused some profit-taking with a decline in price.

Domestic flour business continues very slow. Although the Chief Executive made an earnest appeal for legislation to continue grain rationing control of distillers, many lean to the thought that the passage of such legislation is not likely.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Feb. 2, 1948.

Parity prices are now at the highest level in history, and for wheat they amount to $2.22 per bu, based on the farm computation, and this represents an increase of 32¢ a bu over last year. The first month of 1948 brought another sharp rise in prices paid by farmers, together with a rise in average prices received by them, according to the Bureau of Agricultural Economics. We have explained this system so often to our readers that we shall not go into it again except to say that during the average base period, or in other words, August of 1909 to July 1914, wheat prices averaged 88.4¢. Thus it can readily be seen how everything has gone up since that time in an effort to equalize farmers' purchasing power and to keep it stable. Ordinarily when we have such farm prosperity, it is reflected in the stock market but for many months now this has not been the case. There may be reasons for the lack of confidence, but it is our opinion that probably one of the most important factors for the general indifference is that the American people can nolonger find it possible to save money for reinvestment. Formerly $5 billion to $6 billionwas saved, and much of this went into securities at a time when great thrift was practiced in this country. However, with the tremendous taxes at the present time it makes little difference what a person's income amounts to. Very little money can be saved, and a good many securities do not reflect the full earnings of industry which one would ordinarily expect. This being the case, and with the cost of doing business so much higher than ever before, a good many people are skeptical as to what may happen when there is a lag in business, and when corporate earnings are no longer as favorable as at present.

This undoubtedly is having its effect also upon the grain market, and it is a rather unhealthy situation that with business virtually at the best levels,with corporate earnings so high, a comparatively small amount of money is being set aside for a rainy day. In addition to this sentiment we have had wonderful weather over the winter wheat belt, and the recent snows which afforded protection during the cold spell will also furnish excellent moisture to the plant which soon emerges from hibernation. European conditions are likewise considerably better than they were a year ago, which suggests that imports will probably slacken somewhat after next August. It is also reported that 8.6 million acres more of winter grains have been seeded in Russia than a year ago, and even last year there was a large expansion in spring seedings. So there is every reason to suppose that next summer's harvest may again reach large proportions. It is true that Russia can never be counted upon to ship heavily, yet they have started on the 738,000-ton program of sending grain to Great Britain. We had reports this morning that unusually mild wet weather in most of Europe had aided germination and early growth. This is quite a different picture from a year ago when Europe had experienced one of the severest winters in fifty years.

When the visible supply of wheat was posted it showed a heavy decrease amounting to 5.3 million bu, which is about the biggest in many weeks. This reduced total stocks to 97 million bu, but they are still 59 1/4 million bu more than was on hand a year ago. Chicago stocks decreased 229,000 bu, leaving less than 4 million bu here. The U.S. corn visible increased a little over 2 million bu, with total stocks 15 1/4 million bu compared with 29 million bu last year. However, primary receipts of corn are not running heavy, and for the month ofJanuary amounted to only 26 million bu against 49 million bu in 1946.

Trade was moderately active. There was considerable weakness in markets --not so much from any pressure as it was from lack of demand. Flour allocations have not yet been announced but may be published within the next day or two. Meanwhile CCC wheat purchases are light, The weather Southwest continues favorable, so apparently traders do not feel any immediate incentive to make purchases. However in another two or three weeks there may be some crop scares, which generally occur around the middle of the month. For the time being July wheat continues the strongest, and we would not be at all surprised to see the May future loose more ground on the new-crop deliveries.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 3, 1948

Virtually nothing has been heard of the conferences in Washington dealing with the International Wheat Agreement. Representatives of 38 countries convened last week to consider the various problems involved, and, of course, one of the more important factors was the determination of the volume of exports from the major exporting countries; likewise they considered minimum and maximum prices, as well as stabilization of prices from one crop-year to another. In this respect there is little change from the problems that were faced ten years ago and five years ago, and even last summer, in London when negotiations failed due to the fact that Britain did not feel that she wanted to be bound by the high level of values that other countries had in mind. This time we understand that the delegate from the United Kingdom was agreeable to some increase in wheat prices, but on the other hand the Argentine government was so little interested in the proceedings that they did not even send a delegate with power to act, but simply had an observer at the sessions. Thus we have no reason to change our view that nothing much can finally be accomplished. Once before negotiations broke up when Argentina shipped more wheat than her quota, and since apparently this country is the "lone wolf" in trying to handle its own affairs, we see little chance for a meeting of the minds, as often that country ships 100 to 150 million bu of her surplus to the various importing nations. Such a quantity would, of course, upset any trade agreement that might otherwise prove successful, particularly if we come back to a period of "surpluses." At the present time she is taking all advantage of the European shortages and is charging three times as much for her wheat as she is paying to the farmer, which is rather indicative that her policy will probably not fit in well with that of others, even assuming that the rest of the nations might come to an agreement.

Here, at home, we are now told that the disappearance of wheat during the first half of the current season, including the largest exports of record, total 653 million bu, which was an increase of 43 million bu over a similar period a year earlier. Yet it is pointed out that stocks of wheat on hand January 1, 1948 were nearly 25% larger than in 1947, totaling 795 million bu. This, of course, was possible owing to the fact that we raised more wheat than ever before. Exports of wheat for six months starting last July, including flour in terms of wheat, total 258 million bu, and would be about in proportion to the original total goal of 500 million bu for the 12 months. It is estimated that about 65 million bu wheat was used in the first six months for seed and that about 70 million bu was fed to livestock. The latter is considerably less than most people had reckoned, particularly in view of a short corn crop, although it is entirely possible the disappearance for feed will be considerably greater from now until the next harvest. A year ago 107 million bu wheat was fed from July until end of December, and we ourselves were of the opinion that about as much had been consumed this year on basis of the government's forecast made last August that total feeding for the entire season might reach 250 million bu.

Crop news from Europe, according to Broomhall, is much more favorable both for France and for Italy than a year ago. Both these countries, he claims, have had inflation and by lowering the value of their currency in the hope of exporting more goods it will likewise make imports of foodstuffs more difficult. This authority points out that the next few months prior to the 1948 Northern Hemisphere harvest may well be the last opportunity exporters will have of getting $3 for their wheat, let alone the $5 asked by the Argentine government.

Primary receipts of wheat today were very light, and amounted to only 965,000 bu compared with 1,323,000 bu last week and 1,491,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 2,000 bu.

There was some talk that the CCC was buying wheat as far ahead as March but we doubt whether volume is heavy. During the last reporting period, they acquired 150,000 bu through the Kansas City regional office and 89,000 through Minneapolis. At times there was some firmness to the wheat market but corn was quite reactionary and it seems now that for several days Northwest interests have been selling here. This finally affected wheat prices and thus the advances did not hold. On the other hand, the May delivery was rather firm in comparison with new crop positions.

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CHICAGO, 4 February 4, 1948.

For many weeks now the open interest in wheat has been declining and the contraction has amounted to more than 30 million bu. Part of this, of course, was due to the decrease in the visible supply stocks of the country, and this is quite normal for the period of the year. However, speculative lines have also been gradually liquidated, and when longs had held their commitments for more than six months they were naturally tempted by the high price to become more conservative. New buyers have not been too numerous for the reason that present high margins have detracted from any public enthusiasm which might otherwise have prevailed. Thus, while there was plenty of protection for the Clearing House and for commission houses, the market was actually thin, and this was certainly borne out this morning when selling orders came into the pit. At one time there was a rapid 5¢ decline in wheat with very little response on part of new buyers. Accompanying this technical situation was, of course,news which added to the bearish sentiment. Weather for some time has been exceedingly favorable. While it is difficult to tell with certainty how much recovery has taken place to overcome a late start, we do know that a full winter wheat acreage has been planted; in fact, a trifle more than last year, and ever since 1943 there has been a new theory that winter moisture could overcome some of the early handicaps even when wheat did not show much above the ground before it hibernated. There may, of course, be exceptions to the rule, but the government's appraisal in December of a very large crop gave popular acceptance to the view just expressed.

The trade has felt that unless the export goal would definitely be increased from 450 to 500 million bu, CCC buying from now on would probably taper off considerably. For the last week or so some people have been holding wheat contracts in the hope that allocations might prove bullish, confirming the President's statement recently that more rather than less wheat should be shipped abroad. Up to the present writing, there is really nothing definite on this score. However, it is rumored that March allocations may not be larger than those for February, and that the Department of Agriculture has agreed to this, but that the matter has not yet been sanctioned by the State Department. We have no basis for confirming gossip of this sort, but undoubtedly it had some influence in today's market. Likewise, the International Wheat Conferences in Washington are making no headway. The Conferees are talking prices much lower than the probable loan. They have in mind a minimum for next year of $1.20 a bu, with a maximum of $2. Thus, there are obstacles right from the start. If the loan were established now, based on present parity, it would be about $2 a bu on the farm, and 25 to 30¢ higher at Chicago. However, it all signifies that the world is thinking in terms of lower prices in the not distant future. Consequently, it was not surprising that we had the severe breaks today, and the severity of the decline emphasized that when margins are excessive it deprives a market of the liquidity which it formerly enjoyed.

Primary receipts of wheat were very small today, and amounted to only 458,000 bu compared with 743,000 bu last week, and 1,036,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 223,000 bu.

The country was not a free seller of wheat, and premiums Southwest held pretty steady in spite of the sharp break. However, we feel that the decline may still loosen wheat from the country after farmers begin to think the situation over. There are quite a few bearish influences now at work in our economic setup, as indicated by further weakness in the stock market. While many articles are still scarce there seems to be some easing of supplies, and sentiment seems to be veering a little more towards deflationary prospects than the reverse.

Corn declined the full permissible limit before other grains, but finally the weakness here spread to other pits, and during the last hour of trade it was very difficult to sell either wheat or oats.

As a matter of fact lard was also influenced by the general weakness in grains, despite the fact that the government bought a part of the amount offered by packers, but weakness in hogs and in cattle generally had its effect. After all it cannot be denied that present prices are high, and that, therefore, further readjustments would not be out of order.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Feb. 5, 1948.

There was no particular grain news overnight, except that weather continued favorable for the winter wheat crop. There had been some snows in southwestern Kansas, western Oklahoma, and in parts of the Texas Panhandle. We would say in a general way th t there is pretty fair snow-covering now over a large part of the belt, and of course, this is all extremely helpful, not only as a protection against cold weather, but also in affording moisture prior to the growing period. Even without this news we probably would have had lower markets this morning for the reason that allocations for March had not been announced overnight, and the carryover feeling from yesterday was quite bearish, as a good many unfilled selling orders indicated that the market still had further liquidation to encounter before it could gain new friends. There is no confidence at the moment owing to the fact that CCC buying operations have temporarily been suspended, and even if they should become a little more aggressive, it is now felt that purchases necessary for the remainder of the season may not amount to more than 60 or 70 million bu wheat and flour, based on a statement made last month, which at that time intimated that the program was completed with the exception of about 75 to 80 million bu, assuming that only 450 million bu wheat and flour would be shipped during the current season. There is still some likelihood that with the smaller feeding operations, wheat shipments may be stepped up to 500 million bu, and possibly when the allocations are announced, there may be some intimation of the size of the program in the months ahead. As we pointed out yesterday, there was a rumor, but unconfirmed, that the March allocations might not be any larger than those for February. This was construed as bearish, and today's decline carried wheat prices down another 10¢, or a total break of 40¢ from the season's high point.

The new crop futures are still selling at very substantial discounts, and when we look at September and December wheat, we find that prices are not too far from the probable loan, in the event that parity stays at about the present level between now and June 30th. Of course, weakness in the stock market and in many lines of business, including textiles, might give us some recessions, so that nobody can be completely confident that we have reached a point approximate to the 1948 loan, but still this is something to keep in mind, particularly as we are entering a period shortly of crop scares, and thus the market might be debatable. We still feel that if we have a reserve stock of 150 million bu on July 1st, May wheat will sell closer to the July, September, and December futures, and consider this a safer transaction than taking an outright short position.

Cash markets were inclined to be a little easier, and while the country was not a heavy seller, at least there was some disposition on part of farmers to inquire a little more actively on market values, and we have seen it so often in the past that supplies are tightly held on the way up, but come out more freely when there is a change of psychology after declines set in.

Primary receipts of wheat were not particularly heavy, and amounted to 762,000 bu compared with 740,000 bu last week, and 1,132,000 bu last year. However, the primary movement during January and February is often light, with the roads not always passable, but still we find that farmers are not pressing wheat very heavily, nor were they particularly anxious when prices in Chicago were close to the $3.00 mark. Kansas City and Minneapolis stocks so far this week show a net decrease of 525,000 bu.

With all wheat futures closing at the lower limit, chances are that we shall have more liquidation tomorrow. However, December wheat at $2.31 per bu is certainly debatable, and does not offer too much encouragement to those who believe in still lower prices, although more and more people are now beginning to believe that parity may decline somewhat between now and next July.

Corn was likewise very weak, but the hog market has not broken as severely as feed prices, and at the present time the corn-hog ratio seems to be a little more favorable. We have felt right along that with only 2,400 million bu of corn raised there would have to be great economies, and it still looks to us as though it would take a reasonably high price to prevent dissipation of supplies. The more deferred oat futures showed some recuperative power. This is based on comparative cheapness.

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CHICAGO, 4 February 6, 1948.

The overnight weather was again favorable for winter wheat. Some snows were reported and there are more in prospect. In fact, the five-day weather forecast is very encouraging from point of view that further snows or moisture will be received, and this is really an ideal time to have it, prior to the time the plant emerges from hibernation.

The carryover feeling from yesterday was again bearish. When markets for two days have gone down the full permissible limit, with one or two exceptions, it reminds us very much of four people sitting in a room as free men, just talking conversationally, with the full knowledge that each person could leave at any time he saw fit. There is no need for nervousness, but the moment the door of the room is locked from the outside, there is a sudden scramble to try to escape and immediately the situation has been changed. Undoubtedly considerable nervousness had developed with the weakness that we have experienced and some of the fundamental factors have been overlooked, or were at least disregarded. As we have pointed out, the new crop futures are selling within a range now that suggests that if the loan next July is approximately near present parity levels, there may be some support later on. Of course, this is still a matter that cannot be decided for 4 1/2 months, and it will, therefore, be interesting to see whether the February parity figures are lower, because it might be an indication that we have seen the peak of this almost unprecedented economic rise. A leading international food authority made the statement two days ago that the peak of the world cereal crisis has passed. He pointed out that domestic prospects indicate another billion-bu wheat crop. Western European crop conditions forecast the 1948 outturn at approximately 85% of prewar. Southern Western Hemisphere wheat outturn will equal last year, despite a reduced acreage. This may have some bearing on sentiment because the prime factor in giving us the high level of prices, both last year and at present, has been the tremendous European demand, but in our opinion it is quite possible that the next European wheat crop will exceed last year by 250 million bu, and thus the strain on exporting nations may be lessened.

With all this in the picture, it is not surprising that the spread between May wheat and the new-crop futures has narrowed, but, of course, the wide difference established earlier was largely due to the memory of what occurred last year when our carryover was reduced to about 84 million bu, and the nearby future commanded a premium of 40 to 50¢ over July.

Late yesterday, the March allocations were announced, and about 36 1/2 million bu grain will be exported for the month, which is a slight decrease from the February figure. Secretary Anderson points out that if our export goal is maintained at 450 million bu, we shall still have to procure 77 million bu wheat and flour both privately and through governmental agencies before the end of the crop-season. However, if we are able to increase the total to 500 million bu, it would naturally increase by that amount the wheat which still is to be purchased. Much, of course, will depend on feeding operations, but the last estimate is that 190 million bu wheat will be consumed by livestock for the twelve-month period.

Primary receipts of wheat amounted to 711,000 bu. This compared with 926,000 bu last week, and 1,476,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 715,000 bu. There will probably be a big decrease in the visible supply on Monday. A year ago same date there was an increase of 247,000 bu.

Corn futures were really the weakest today, and the cash market was demoralized. We heard from the country that some of the elevators out in the country refused to buy, because there was no chance of hedging in the market. This, of course, makes an unfavorable impression amongst producers, and we believe that the high margins may have something to do with the present situation, and that new speculative buyers are not brought into the picture at a time when they are sorely needed. This has been our argument in Washington for a long time-- that excessive margins are harmful when breaks of this consequence set in. At times July wheat showed good rallying power even while May wheat was quite indifferent. However, the pressure was finally too great, and all wheat futures finally sold down the full permissible limit, but in oats markets showed a little more stability, despite the fact that the nearby futures were considerably lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 9, 1948.

It has often been stated that news does not make a market, but rather that market makes the news. This, of course, is not wholly true. On the other hand, we must admit that even when there are sudden technical advances or declines in a market, everyone at once wants to know the reason for it. Thus matters which had not been too pronounced earlier may come to the foreground. We refer to many of the statements that have been heard lately with respect to better crop conditions on the Continent of Europe and a bumper crop in Australia. As most of our readers know we have given information of this kind out for many weeks past. Broomhall, the international expert, has been saying for a month or more that Australia would probably have a larger exportable surplus than in many years, and that the crop in the Argentine turned out better than had been earlier expected. So there is really nothing new in this situation except that few people heeded the warning when the government buying was an important factor, but now the realization of possibly a lessened demand for our wheat is beginning to be recognized. We doubt very much whether Europe, despite moderate weather and ample moisture, will have a prewar yield of wheat, because manpower, fertilizer, and farm machinery are in short supply. Nevertheless, starving people, or at least those on a restricted diet, are making every effort to pull themselves together, and it is probably true that while last year's wheat crop was a billion bu, and a prewar average in Europe was about 1 1/2 billion bu, a happy medium may be struck when next summer's harvests are realized.

In the meantime there seems to be a little more confidence displayed here at home. Convalescing men do not get up from their sick beds able to run, but at least there are signs that some of the fears have been dispelled with respect to widespread breaks from the present level. Chairman Andresen announced that the Special House Committee on commodity trading would make a full inquiry into the slump that carried grain prices sharply lower last week, but we feel convinced that he will learn that these reactions followed a period of almost unprecedented high levels, with sellers eager to get out at a time when the market was not as liquid as it might have been. CCC is apparently still not interested in making further purchases, and Secretary Anderson stated yesterday that at no time had the Agricultural Department bought wheat with the idea of advancing markets, nor would they re-enter now in an effort to stabilize prices. Likewise, PMA has not come in for additional flour purchases, although domestic demand has shown considerable improvement since Friday night, and we believe this has had some influence in stemming the sharp declines. The new crop futures of wheat, of course, have been influenced by the possibility that parity may not decline too much between now and June 30th, which again suggests the probability of a reasonably high loan. Naturally a general change in the business cycle would adversely affect parity levels.

The Federal Reserve Bank of Chicago, in discussing the business situation with respect to our own area, states: "The immediate outlook is for continuation of the record prosperity in jobs, income, and profits which the area experienced during 1947. The most visible clouds in the economic sky are increasing realization that the current boom is highly dependent upon a 'catching up' of war deferred demand and scattered signs of financial stringency among individuals and businesses,"

When the visible supply was posted, there was a decrease of 4 1/4 million bu for wheat. Total stocks in all positions are 92.6 million bu, or about 54 3/4 million more than was on hand last year. Chicago stocks decreased 269,000 bu, leaving 3.6 million bu here. The corn visible showed an increase of a million bu. This makes total stocks 16 1/4 million bu, or about a 14-million-bu increase from 1947. The shrinkage in the oat visible was nearly a million bu.

After the first hour or so even corn prices for the May future showed a tendency to react after the sharp breaks that had been witnessed, and some of the deferred months, which had been reasonably strong early displayed considerable strength, which was encouraging as nobody likes to see demoralized conditions, such as we had last week when often the full permissible limit had been reached. We are not trying to forecast what the immediate future will bring forth, because it will take some time to figure out the psychology of the farmer. Very likely, however, he may be a little more interested in selling in view of past events than previously when he had in mind that much higher levels might be reached.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 10, 1948.

There has been no doubt for many weeks past that the administration has been concerned with the high price of food, particularly as another round of wage increases seemed imminent. Since 1939, food has probably risen about 100%, but at the same time the cost of government has gone up 377%. In other words, government now costs more than food according to statistics that have come to our attention. Nevertheless, there seems to be little anxiety to complete the balance of our export goals, and for a week now CCC has practically been out of the market, and there has been no evidence of PMA buying, although the weakness has encouraged private flour trade, and for a time this was a sustaining influence.

Before our market opened this morning there was not much to guide it except two items from Washington that appeared in this morning's newspaper. One pointed out that Secretary Anderson had announced that President Truman's Cabinet Food Committee had decided to ship only 450 million bu wheat overseas this year instead of the 500 million bu previously sought in the administration's grain export program. On this basis we figure that if the estimates are correct as given by the Department of Agriculture, only 190 million bu wheat will be fed to livestock, and that 510 million bu wheat is consumed for food, including bread and cereals, and 87 million bu is seeded, the total comprising shipments to Europe will amount to 1,237 million bu. On basis of a crop and carryover last July of 1,449 million bu, this would leave us with a reserve stock on July 1, 1948, of 212 million bu. These export figures and estimates have been changed so often and the quantity estimated for feed has been changed so frequently that it naturally has kept everyone nervous and excited. Early in the season the Department of Agriculture figured that we might feed as much as 325 million bu wheat, but apparently the high price prevented dissipation of supplies through that channel.

There was another item fromWashington: namely, that new curbs on alcohol manufacture were being proposed, and while usage of grain for those purposes is not too much, nevertheless, it had a bearish influence on corn, although probably just as important was the severe drop in hog prices, which naturally has such an important bearing on feed prices and the general psychology of farmers with respect to feeding operations.

There was moderate support early, but before long sharp reactions set in, and there was no help from the stock market, because it apparently was influenced by widespread price declines in Australia, where the Sydney Stock Exchange wiped hundreds of thousands of pounds off the value of leading stocks today. The recession was attributed by brokers to news of falling commodity prices in the United States, and the latest economic warnings in England by Sir Stafford Cripps, Chancellor of the Exchequer.

Primary receipts of wheat today were a little larger, and amounted to 1,114,000 bu compared with 965,000 bu last week, and 1,732,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 15,000 bu.

About midsession the precipitous decline in grain carried first the May futures of corn and wheat down the permissible limits, and at that time it was reported that stocks on the Paris Bourse were weak although gold shares had staged a rally. The demand for gold coins continued heavy. Gradually other futures sympathized, and before long it was practically impossible to sell anything in the various pits, and this situation was maintained until the close. Lard prices likewise went down 200 points, which was as much as is allowed in any one day's trading. The fact that cattle and hogs have been so weak lately undoubtedly was the occasion for further liquidation in provisions. Taking it all in all, there seems to be little confidence tonight on the constructive side of the market, particularly as securities staged further declines on a larger volume. Therefore, it is impossible to make forecasts for the immediate future. It is very likely that flour buyers have covered themselves for some distance ahead during the recent days of breaking markets, and that they may stay on the sidelines until confidence is restored.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

February 11, 1948

In recent weeks one had only to listen to the radio or read official reports to know that crops in many parts of the world had greatly improved, and that the burden, which has rested so heavily on the United States to supply huge quantities to Europe, has been partly relieved. We have often been reminded of the record crop in Australia, and a good yield even though on a small acreage in Argentina, and that Russia is selling and shipping grain to many countries in Europe. We have also been told that Italian crop prospects,as well as France, are vastly superior to last year's small production. Our legislators ruled that we must maintain a carryover of 150 million bu wheat in the United States at the end of the crop season, and we have also been currently advised of the government's position as to purchases and exports, as well as the quantity remaining to be purchased to fulfill their program of 450 million bu; also that it might be stepped up to 500 million bu if feeding of wheat to livestock shows a further reduction from earlier guesses.

The government has kept the country well advised on their views as to prices of coarse grains and livestock, and as recently as February 9th, released a statement that, "Feed prices are expected to continue high, at least through this winter and spring, with strong demand in prospect for the smaller marketings of corn and oats." They also remarked about livestock that, "Further increases in price of meat animals are expected since output of meat is expected to decline seasonally through the summer while consumer incomes remain high." It may be that remarks such as these have guided the farmer, and with all the talk of inflation, with requests for controls to stop spiraling prices, they were too confident, and when prices started downward found that they had more products on hand than the market could readily absorb.

The wheat loan, which was 90% of last summer's parity, gave protection only up to December 31st for application to the loan, and for other grains except corn, which is available until June 30th. The current level of price, however, is well in excess of the loan price. Whether other means might be used under the Steagall Amendment to support prices is not stated at the present time. Meanwhile Commodity Credit Corporation is out of the market, but some people believe that if they wish to they might buy as much in the open market as they desire. We have previously heard some controversy whether they might own part or all of the 150 million-bu carryover requirement, and on this point some people also think they might make such purchases as they desire.

When our market opened there were large quantities of grains offered in all the pits, although some of the deferred months of wheat traded only a few cents lower than last night's close. They were pulled down, however, by larger offerings of May wheat. Corn was freely offered for all months, but later when it was seen that hog prices were strong, advancing from $1 to $2 over yesterday's price, some confidence was gradually restored, with upturns in all futures except the May corn. However, continued large offerings of May corn seem to deter price advances, with downward reactions in all grains. New-crop wheat futures had gotten down to a price considerably below what might be expected to be next year's loan, as it will be based on 90% of parity existing July 1st. Although parity may decline somewhat from the present level, it being composed of so many articles, such as automobiles, gasoline, lumber, paint, household materials, all of which may not be expected to decline too much even though mixed feeds, which are a component part, might be considerably reduced.

Southwestern farmers, we understand are not much interested in selling wheat at current prices, and on the other hand, the demand for flour has fallen off to very small proportions, and PMA is still out of the market. The cash price of wheat has changed very little, as compared with futures, except in cases where hedges were not possible, causing a temporary sacrifice. There were a number of reports from the wheat belt that although it was snowing, and heavily in some places, the wind was so high that it caused considerable blowing, leaving little protection for the growing plant from the expected extremely low temperatures tonight. There is quite some apprehension.

Primary receipts of wheat are down to only 392,000 bu and compare with last week's small quantity of 458,000 bu; a year ago there was a holiday. Kansas City and Minneapolis stocks so far this week have decreased 390,000 bu.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 Feb. 13, 1948.

While virtually all American markets were closed yesterday in celebration of Lincoln's Birthday, somewhat lower prices were registered in Winnipeg, but apparently this had very little effect here. Weather in the Southwest had been rather cold, but it is felt that there has been fairly good snow protection, and there is still not too much alarm expressed marketwise over the possibility of winter killing or excessive abandonment. The CCC, as far as we can learn, is still out of the market, and this gives us a chance to study some of their buying tactics since the 1st of July, when their operations started for the present crop year. We find that during the last week of July, they made the heaviest purchases, having acquired about 28 million bu wheat, at which time futures averaged about $2.35 a bu. We get this information from the Congressional Record dated November 26th. Therefore, it is not completely up to date, although we are of the opinion that since December 1st, the activity has been somewhat slackened. As a matter of fact, from July 1st to November 21st, about 187 million bu had been purchased through the various Regional Offices. This is exclusive of flour. Since August 1st, all weekly purchases tapered off considerably, but we find that by September 26th, purchases were again stepped up, and at that time wheat was getting close to the $3 level. For a seven-day period 24 million bu wheat was purchased, and again in the following week nearly 16 million bu was bought, which in our opinion had a rather important influence on price trends, indicating that the government was quite willing to follow the upward turn. Of course, many of the other conditions were different then from at present.

It could not be foretold during November that we were going to have the wonderful moisture in the Southwest, and even now, nobody can be entirely sure that the snows have reconditioned the soil and have put the wheat plant into shape to overcome earlier handicaps in those sections where seeding had been much later than usual. Nevertheless it is quite apparent that a good deal of the bullish impetus was afforded because of these government operations, at a time when the outlook for the next crop was not too satisfactory, and when it was still considered that feeding operations would be on a bigger scale than apparently is actually the case, judging from the government's own estimate that about 65 million bu wheat was fed in the first six months of the crop-year, and that the total for the entire season may not exceed 190 million bu.

When our market opened this morning, the new-crop wheat futures were fairly stable, and even May wheat had not declined too severely; therefore, some confidence was imparted to the corn pit, and shortly after the opening gong, May corn was traded at prices somewhat above the permissible low limit for the day. Most feed prices reached their record levels in late December; by mid-January feed grain prices were up 90% from a year earlier. Wheat mill-feeds were up more than 100%, and most other high protein feeds about one-third. However, in the last ten days there have been some tremendous readjustments, and one can still not lose sight of the fact that our corn crop is about 25% smaller than a year ago. Theoretically, therefore, there would have been a shortage of corn, except for the fact that the relatively high price prevented dissipation of supplies.

Primary receipts of wheat amounted to 1,027,000 bu compared with 711,000 bu last week, and 1,538,000 bu last year. When the visible supply is posted on Monday, there will undoubtedly be another decrease. A year ago, same date, it increased 461,000 bu.

Trade paid a little more attention to grain news today, although despite the rather optimistic crop report from Oklahoma, the deferred futures were quite firm. The State Department of Agriculture there spoke of probable wheat production of 101 million bu, which is only about 3 1/2 million bu less than last year when they raised such a tremendous crop. However, in Kansas, there seems to be more argument as to what will occur, because of the late seeding of the plant. There was considerable narrowing of the spread between May and the new-crop futures, although even May wheat seems to be a little more stable now, and possibly this was due to a report that Senators Bushfield and Young had introduced a bill in Congress to repeat the mandatory provision which sets a minimum carryover of 150 million bu on the season-end reserve stock. Of course, nobody knows whether legislation of this kind may finally be passed.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Feb. 16, 1948.

The break in grain prices has brought a lot of questioning as to how it is likely to affect business in general, but so far comments tend toward the belief that declines have been more in the line of corrections in the prices of grain rather than general unsettlement. Wheat futures declined about 25% from their extreme price, and corn was down almost 30% on the May futures. There has been a small recovery since. The price of hogs at one time was off almost one-third, but a fair percentage of this has been regained. There are many statements to the effect that meat will be in much smaller supply later in the spring, thus giving more incentive toward holding grains for feeding. Unfortunately a lot of higher-priced grain has already been put into livestock, but the majority of these operations are carried on by farmers who produce the grain, and returns to them on the crop values are still substantial. For the past few days the country has not sold much corn, and even for a longer period producers have marketed very much less wheat, so that type of pressure has let up. We believe that there is still a great deal of wheat held in storage by those who produced it, and to that extent the market has not currently been called upon to absorbe large offerings.

The government is still out of the market for both wheat and flour, and has enough of the former to carry them into the first part of April export position, although their flour purchases would not provide enough to complete their March quota of allocations. Deficit nations still require whatever grain they can secure, and although new-crop outlooks are quite good it will be a number of months before these will come to market. Australia, which raised the largest wheat crop in its history, has sold all the year's surplus. Prices received ranged from $2.73 to $3.31 FAS Australia ports, except for a small portion that will be priced in relation to the fluctuations of the United States market. Argentina has not done so well probably because prices there were held at excessive levels as compared with other countries. The combined crops of these Southern Hemisphere wheat producers are estimated at 458 million bu, which is 135 million bu more than last year and 171 million more than two years ago. In addition to the wheat sales that Australia has made, they seem to have sold their entire barley and oat surpluses at prices of $2.93 and $1.48 FOB their ports. This, too, is an indication that the world in general still needs grains badly.

The 90% support of basic crops by government loans still has another year to run. Therefore, the wheat we harvest this spring and summer, as well as the corn grown from this year's plantings, will have that basic support. Parity may change, but based on the present level, supports would have to be at higher than current quotations for the new-crop futures months. Considering all these things and the potential demand under the ERP for materials, as well as foods, we find that there is little basis for pessimism. If foreign countries were permitted to do so, they would readily enter the market for our grains, as the population in many countries ill-provided for, and they are withholding purchases here only because of the inability to secure export allocations, and that in turn is guided by the desire to keep supplies in this country at a satisfactory level to feed our people at their customary standards.

From what we heard today there was not much improvement in consumer buying; while flour business was slightly larger there was no real improvement in the volume, nor willingness of the trade to take hold. Some bakers are currently fairly well covered, but are inclined to proceed cautiously; foreign flour business is also slow. The same may be said of corn buyers who have not come into the market in any volume, but there was improvement again today in hog prices. The futures market did better, probably for the reason that offerings which had been hanging over the market apparently were absorbed as the market dropped on recent declines.

The wheat visible supply decreased 4 1/2 million bu, which compared with about 1/2 million increase last year, but still leaves a total of 88 million bu, which is 50 million bu larger than at this time last February. The corn visible stocks increased 3/4 million bu from the moderate primary movement, but we still have only 17 million bu in the various cities against 29 million bu a year ago. Chicago has 4 1/2 million bu of corn, and about 3 1/4 million bu wheat. Primary receipts of wheat were 972,000 bu compared with 945,000 bu last week, but 2 3/4 million bu last year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 17, 1948

One reason given for the recent break in grain prices was the improvement in the foreign outlook. Broomhall in his recent publication points out that the tenor of foreign crop news continues very favorable, and although harvests are still somewhat distant, the outlook is far better than a year ago. Crops are emerging from extraordinarily mild weather, and it is contemplated that winter losses have so far been held at an insignificant level. In comparison, the winter of 1946-47 was one of the worst on record in Europe. There is still a possibility in the central and northern sections of damage from frost, but at least for the moment the outlook is very propitious. Coupled with better prospects on the Continent, is the completion of the wheat harvest in the Southern Hemisphere. While any official information is missing, it is the consensus that the Argentine has had a good harvest, with results well above those obtained last year. The Australian production is officially placed at 228 million bu, which compares with only 117 million bu last year, and only slightly more than this two years ago.

In addition the United States has also enjoyed an improvement in prospects during the past four or five weeks. The Kansas Weather Bureau reports that while January was the coldest experienced in eight years, the snowfall was likewise more plentiful than during the past eight years, and the month can be considered a favorable one for wheat. The amount of precipitation was close to normal especially in the western counties, and sufficient for current needs in other sections. The recent snows have about been dissipated. The only fear at the moment is that the unprotected plants might suffer damage should cold weather return. However, at present this is not in the making.

According to a release of the U. S. Department of Agriculture, world exports of grain and grain products, exclusive of rice, are placed at a total of 16.5 million tons for the period July through December. This represents an increase of more than 37% moved into channels of international trade during the comparable period a year ago. Of the above quantity, the United States, Canada, Argentina and Australia supplied 96% of the grain exported. Of this quantity the United States was by far the leading exporter, furnishing about 51% of the total; in other words, slightly larger than that shipped by all other countries combined. Canada has been lagging, with Argentina ranking the second largest exporter, contributing 22% of the total for the first six months. Reports from India indicate that country will require much less grain during the coming season, as their wheat crop is entering the final stages, with conditions quite favorable. Rust, which took such a toll from their crop last year, is not a threat, and import requirements for that country should be reduced.

Primary receipts of wheat today totaled 1,070,000 bu vs. 1,114,000 last week, and 1,811,000 bu the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 25,000 bu.

Moderate weather prevails throughout the winter wheat belt, and the five-day forecast points to some moisture, particularly in the eastern section of Kansas with temperatures ruling above normal.

Wheat is not finding much support on advances. The CCC still remains on the sidelines, and the PMA has not entered the market for March allocations of flour, although in some quarters it has been indicated that something may be known by tomorrow as to the possible buying course for the balance of the week. Domestic flour business is also rather flat. On the other hand, farm marketings are light, and apparently producers are holding rather firmly awaiting progress of the new crop.

Recoveries in corn continued, with high prices being registered for the session. While the demand is quiet, offerings from the country remain rather light. With urgent liquidation out of the way there does not seem to be any great pressure on that cereal.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Feb. 18, 1948.

The three primary markets, as well as farmers and farm groups, such as cooperatives and millers, opposed Senate Bill #1881 during the past few days. This legislation, if passed, would give the Secretary of Agriculture power to regulate margins on speculative trades. Had there been numerous failures during the past twenty-five years, or negligence on part of the Directors of the Board of Trade in assessing proper protection in the public interest, we could understand the reason for all the agitation. However, if this is simply another step toward socialization of agriculture, it should be fought as a danger to the American way of life. The Congress has already delegated power to the Secretary of Agriculture to ask for increases or decreases in acreage. Thus, whenever European crops improve, we may look forward to this power beingemployed. No man, however smart or conscientious, should be vested with these sovereign rights unless we are satisfied to have our entire economy finally placed under federal control. It was further explained to the members of the Agricultural Committee that while last year's wheat crop was the largest in the history of the country, amounting to 1,365 million bu, pretty close to 300 million bu wheat would be consumed on the farm either for feed or seed, and after giving effect to this, it would leave somewhat over a billion bu to be moved to market. If the government export goal of 500 million bu is met, it is quite obvious that for every two bu wheat that leaves the farm, the government would buy nearly one bu. This support in our opinion has lessened the need for speculation, but on the theory that European crops may be better next summer than they were last, and with even our Agricultural Department calculating on smaller shipments from now on, it becomes more evident that we are going to need speculative trade to prevent sharp distortions.

There are those who believe that parity may decline between now and July 1st, and that thus the loan price will likewise be reduced, based on January 15th figures. However, we are getting some reports from the growing areas that crops do not look too well in western Kansas, and we are shortly entering the period of the year when crop scares make themselves felt. Consequently, the market appears to be more two-sided. At the present time premiums for cash grain are holding up pretty well, even though the government is still not in the market. Just when they will come in again is anybody's guess, although there are still fair amounts to acquire, according to the last statement of Secretary Anderson.

Primary receipts of wheat were small, and amounted to only 374,000 bu. This compared with 392,000 bu last week, and 1,277,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 474,000 bu.

Markets seem to be fluctuating over considerable ground, and this is not due to heavy volume of trade, because yesterday, for example, only 17.6 million bu were handled in the wheat pit, but the total open interest now has been reduced to 53.6 million bu against 100 million bu earlier. Therefore, smaller orders apparently are having more than the usual effect. There was a statement made by Secretary Anderson calling attention to the bumper wheat crop in Australia; he also called attention to the fact that the Argentine crop of 206 million bu would be at least as large as the previous one. Of greater importance, however, was his statement that the Cabinet Food Committee had unanimously agreed that the export goal would remain at 450 million bu at least until the end of March, at which time we would know more about our own crops and world needs.

It seems that corn and oats held reasonably well, even at times when wheat was quite reactionary. Late in the session new-crop futures of wheat recovered, and possibly this was due to some crop scares which are beginning to be voiced. It seems that western Kansas is sending in complaints, and we presume that at present levels shorts may be on the defensive at least for the next 30 days when crop news plays such an important part. In any case, having had such sharp breaks in the market there seems to be some restoration of confidence now, although still considerable divergence of opinion as to how much of the recent decline may be recovered unless actual damage is sustained to winter wheat. It is recognized, of course, that we always have some crop scares, but in spite of them we often have had fairly good results at harvest time.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 February 19, 1948.

The action of the market yesterday encouraged a little more buying this morning, and there had been some remarks made by Secretary Anderson, which we did not have until after the close yesterday, but these apparently had some slight market effect in today's early trade. For example, he predicted that next year's demand against U. S. supplies would be about 300 million bu wheat and 100 million bu coarse grains. He also stated that the heavy demand from Europe would probably continue for the next three to five years, and predicted that the government would probably purchase between 30 to 50 million bu new-crop wheat next June from the early crop movement. It is impossible to tell at this date how much the next winter wheat crop will amount to, although it has been our experience that moisture during the winter months is, of course, a very important factor. The various state reports are not too pessimistic; in fact, conditions in Texas appear reasonably favorable, and only a week or so ago we learned that the Oklahoma crop would yield very large, probably within 3 million bu of the bumper harvest of 1947. Probably the worst state is Kansas, and particularly the western third, which is always somewhat unpredictable. Experience has generally taught us that the really big crops for that state can only be had when the western part comes through in very good shape. We knew last year when they reported close to 300 million bu, which was more than the average crop in either Argentina or Australia, that the next cropwould seem poor in comparison, but it is our opinion that the estimate of 159 million bu, which the government made last December, is still a possibility, although, as stated before, it will take some growing weather before we can really make or receive more accurate forecasts.

Late yesterday the Department of Agriculture released its report on the quantities of livestock on farms as of January 1st. The decrease in cattle numbers during 1947 amounted to 2,643,000 head, and was one of the largest experienced. Hog numbers were down 3% from last year and at present are the lowest since 1941. However, it was a foregone conclusion that with 800 million bu less corn raised this year than last, great economies would have to take place, and apparently high prices for animals encouraged heavier marketings, and actually the number of livestock on farms and ranches declined during 1947 to the lowest levels since 1939. Numbers have dropped four years in succession since reaching the all-time peak on January 1, 1944.

It is rather interesting to note that while in recent years feeding of wheat to animals has varied rather widely, the amount that was fed on the farms where it was actually produced was more or less a stationary figure, and since 1937 it was as low as 89 million bu, and as high as 123 million bu, but in the main averaged somewhere between the larger and smaller quantities, indicating that wheat was very heavily substituted in deficit areas in those years when corn and oats could not be purchased in sufficient supply. This, of course, occurred to a large extent during OPA when feeders had some difficulty getting their normal feeds, but inasmuch as this is not the case at present, we have reason to feel that the total disappearance of wheat into feeding channels will be much smaller than estimated last August, and might even be smaller than now forecast by the Department of Agriculture.

Primary receipts of wheat amounted to only 484,000 bu; a week ago was a holiday, but last year receipts were 1,359,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 956,000 bu.

Markets were reasonably firm during most of the session influenced by light country offerings, although there is still no indication as to when the government will come into the market again for either wheat or flour.

Lower temperatures are expected through most districts, but nothing very severe for the Southwest. However, Liberal, Kansas, reported that some topsoil was blowing and that the ground had dried out with northerly winds whipping up dust.

The volume of trade seemed to be considerably smaller than yesterday, and small orders had considerable influence. Toward the last there was some selling of wheat by a local house, and it apparently caught the pit crowd long, so that best prices of the day were not maintained. We understand that there was some corn sold out of Chicago, presumably to distillers, and this gave the market a fairly good undertone. Cash premiums seemed to be pretty well maintained.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Feb. 20, 1948.

It is difficult to attribute the sharp declines of the past month to any one particular factor. Chances are that if we had not had the persistent buying on part of government, prices of wheat would nothave risen to the heights they did. We have pointed this out repeatedly in our market letters, and were sustained in our belief by government economists, such as Dr. O.C. Stine, who earlier in the season claimed that if there had been no increase in the foreign demand for wheat and feed grain, the farmer's price of wheat and corn would have been about $2 per bu, or considerably less than the prices that prevailed at that time. It is now recognized by other government authorities that the outlook for the 1948-49 food production is somewhat more favorable than a year ago, as a larger acreage has been planted to winter crops, and conditions to-date have been beneficial for crop growth. If these favorable conditions should continue until harvest, naturally a moderate relaxation in the present tight food situation would appear probable. Of course, it must be taken into account that the world population has increased about 10% during the past ten years, so that per capita food supplies are substantially below prewar levels.

The Foreign Agricultural Circular, published by the U. S. Department of Agriculture, gives a rather interesting table for the various commodities, showing how world production of principal food and feed products has varied during the past three years, with comparisons, with the prewar average, 1935-39. Some of these we list below, as they are quite interesting:

(Bushels - 000's omitted)

COMMODITY	AVERAGE 1935-39	1945	1946	1947 Preliminary
Wheat	5,998,000	5,120,000	5,735,000	5,775,000
Corn	4,730,000	4,965,000	5,325,000	4,750,000
Oats	4,365,000	3,920,000	3,965,000	3,805,000
Rye	1,730,000	1,363,000	1,455,000	1,515,000
Rice	7,442,000	6,418,000	6,950,000	7,086,000
Potatoes	8,417,851	6,473,248	7,132,936	7,080,735

Forecasts had been for much colder weather, and lower temperature readings were reported, but nothing too severe for the Southwest. Therefore, there was little apprehension from that source. As a matter of fact, it will probably become somewhat warmer, and the five-day indication is for 1/4 to 1/2 inch rain over many sections. This was construed bearish, as dust blowing in some parts had been feared. The Weather Bureau gives precipitation from November through January, based on the normal as follows: Nebraska 104%; Kansas 134%; Oklahoma 105%; Texas 106%; Colorado 109%. These are the important Southwest states, but in fairness we should point out that in other areas, such as Missouri, Illinois, Indiana, and Ohio, precipitation during that period was considerably poorer, and for all of the latter states ranged below normal. It is always difficult to try to make forecasts for the winter wheat crop at the end of February. While some people are at this time more pessimistic than others, we still feel that winter moisture is important, and, therefore, we probably take a little more optimistic view of the future, based on past experience. Broomhall reports that a cold spell has now spread over all the Continent of Europe, with partial snow. He also claims that crops are unusually advanced this season, and, therefore, susceptible to winter killing.

Primary receipts of wheat today were again light, and amounted to 485,000 bu. This compared with 1,027,000 bu last week, and 1,725,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1 1/4 million bu. We expect a fairly sizeable decrease in the visible on Monday; last year's shrinkage amounted to 1 3/4 million bu.

In today's trade, wheat led the decline and was lower right from the start. However, corn and oats showed a better undertone, and it seems that the country is not a heavy seller of anything at the present time, although bids on corn have been a little better, but in wheat the milling demand is still poor, and it seems rather difficult to inspire much confidence with respect to new purchases. However, there were recoveries after mid-session when the Norris Grain Co. issued some rather bullish statements on the Kansas wheat crop. This caused short covering, and reduced the loss for the day.

UHLMANN GRAIN CO.

CHICAGO, Feb. 20, 19--.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Feb. 24, 1948.

In the ten-day period from February 3rd through February 13th, cash wheat prices at Kansas City and Minneapolis declined over 55¢ a bu. Previous to that, prices had eased about 19¢, and it is rather interesting to see the government's explanation, as given in the last Wheat Situation released February 21st. They state: (1) Prices had advanced too far in view of the large supply still remaining and the fact that export purchases were largely out of the way. (2) Carryover is set by law at a minimum of 150 million bu. (3) Feeding of wheat is lighter than expected. (4) Market receipts of corn were much larger and feed prices continued very high in relation to prices of livestock and livestock products. (5) Weather through January was favorable for the winter wheat crop in the UnitedStates. (6) Marked improvement in crop prospects was reported for most importing countries. This analysis seems to be about in line with trade inferences, but the chances are that if we had not had the sharp advance due to the aggressive buying by the government earlier, the subsequent decline would not have been as great, and it is often a fact that the pendulum swings too far in either direction.

On the other hand, trying to fix prices through agreements does not work either, and we say this at a time when the representatives of a number of nations at Washington are once again determined to form an International Wheat Agreement, which would entail minimum and maximum prices for a period of time. As Major H.G. L. Strange, of the Searle Grain Company, Ltd., Winnipeg, points out that for 6,000 years, Emperors, Kings, and Governments have tried to fix the price of wheat, and to make such agreements, but they all dismally failed. Not one ever succeeded. If the present effort succeeds, it certainly will be in the interests of consumers, and at the expense of producers, who would receive lower prices than they should. He also points out that the last International Wheat Agreement was made in 1933, when 22 nations signed, but within a year the Agreement broke down, as all others previously had done. It is not surprising, therefore, that the North Dakota Farmers Grain Dealers' Association, representing 50,000 grain producing farmers of North Dakota, recently in annual convention, passed a resolution voicing their opposition to the participation of the U.S. A. in any International Wheat Agreement, expressing their belief that under such a plan, producers and farmers will be sacrificed in order to give cheap bread to the consumers of the world. This organization stated that the farmers would surely pay, and in addition, production would be curtailed, and so in the end the consumer himself would not benefit.

When our market opened this morning, it was influenced by some scattered precipitation over many parts of the Southwest. Rains and snows were not heavy but over the holiday there had been another pessimistic factor: namely, a sharply lower hog market, and this was the occasion for lower prices for both corn and wheat. At the moment animals are being marketed on a heavy scale. Yesterday, 14,000 head of hogs were received at Chicago, and while it is true that recently there has been a substantial liquid ation off farms of livestock and poultry, which it is claimed has been a significant factor in the grain price break, nevertheless, stocks of feed grains, including corn, oats, and barley are now the smallest in eleven years and about one-fourth below last year. Total stocks and supplies per grain-consuming animal are both 14% below the 1938-42 average, according to USDA.

Primary receipts of wheat were a little larger over the holiday, but still the visible supply when it was posted showed a decrease of 6.8 million bu; total stocks in all positions are now 81 1/4 million bu, or 44.6 million bu more than was on hand last year. Chicago wheat stocks decreased 369,000 bu, leaving a little less than 3 million bu here. The total U.S. corn visible is 18.7 million bu. There was an increase of 1.6 million bu during the week, and total stocks are about 12 1/2 million bu smaller than a year ago.

Trade was not particularly active; in fact, there were many dull periods, and the flour business is still very poor, volume disappointing, and as yet neither PMA are in the market for flour, nor has CCC shown any desire to buy wheat. With reduced mill operations, and the trade awaiting to see what parity prices will be on the 27th of this month, there was some profit-taking on bulges, but the movement from the country was small for both corn and wheat. In fact, corn bookings were almost nil, and the yellow cereal showed a good undertone, and finally led other grains higher.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 Feb. 25, 1948.

The much-discussed and very important but often misunderstood parity will be published on February 27th, giving relationship as of February 15th. Parity is a theoretical farm value that would give each of the crops the same buying power as they had before World War I. For instance, the base price for wheat was 88.4¢ per bu during 1909-14, when it was worth 100%, the same as prices paid by farmers were also based on 100%. Therefore, when on January 15, 1948, prices which the farmer paid were up to 251% of the base price, it was figured that wheat should bring 251% of 88.4¢ per bu, and parity was $2.22. On other commodities, such as corn, which had a base price of 64.2¢, they should also be worth 251% on January 15th; therefore, they figured corn parity at$1.61. The method of figuring these parity prices seems to vary somewhat as different articles bear a certain proportion of the weighted average. For example, 86 commodities used in family living are 48.6%, and 93 commodities used for production, 37.4%. The proportion paid for interest figured 7.2%, and that paid for taxes 6.8%. This comprises the 100% of the various articles the farmer has to buy. In the make-up food accounts for 17.5% and feed 10.1%. These two articles probably above all others depend on the price that the farmer receives for products which he sells. Therefore, it is a wheel within a wheel. As grains have advanced, values of food and feed have increased. That is why, with the recent break in grain prices, which at the same time was accompanied by lower prices for livestock, etc., it is presumed that parity will show a decline as of February 15th.

Parity is tied in with other laws affecting our economy, most important of which has been the loan feature on basic crops. During the war, however, ceilings were based on parity. When we review the course of parity, since most of us were aware of its existence, and that dates back primarily to 1938 when loans were set in motion, we find that there has scarcely been an interruption in its monthly advance. In July 1938, wheat parity was $1.13, which represented the average farm price in the United States. Except for 1¢ setbacks on about four occasions and a 3¢ setback in one month, it has been higher each succeeding month until January 15th, when it reached $2.22. While grains and allied products are now lower, there are so many other articles, such as gasoline, automobiles, building materials, machinery, clothing, and taxes, which have had no sizeable change; in fact, some might be higher. It will take a change in general prices other than agriculture to alter the course of parity prices. Basic 1948 grain crops will continue to receive the benefit of the 90% loan, but this is the last season at this rate under the present law.

There are still many readjustments to be made in world grains. For instance, during the war years our domestic consumption of flour advanced sharply, but now it is down to levels equal to prewar. 1946 per capita use was 153.4 lbs, which was 7.8% lower than the maximum year of 1943, at 162.7 lbs. 1947 showed even lower, which might have been due to the scarcity of old-crop wheat, and its relatively higher price last spring over the new-crop, because we used only 144.2 lbs, was 11.4% less than in 1943. In any event, however, it would seem that our uses are running, say 10%, less than the maximum and that would amount to, roughly, 50 million bu of wheat per year. Another important change will be that many countries in Europe will want to get back to their prewar diet, which would mean a great increase in meat consumption. Germany is consuming only 42% of their prewar average, and whereas they formerly used considerable quantities of meat, consuming 113 lbs per capita, this is now down to 47 lbs. The United Kingdom is down 16%; France, however, did not decline very much, as in 1947, they each ate 86 lbs, which was within 5% of prewar. In Italy, where meat is rather a luxury, their consumption was down to 67%, with each person consuming 26 lbs as against normal 39 lbs. In our own country, we increased our prewar consumption of meat by about one-fourth and in 1947 it reached at least 156 lbs. A downward adjustment this year is necessary through the lack of feedstuffs to maintain such a demand.

Commercial business continues very small. The government is still out of the market, and although allocations might be prepared it takes a while before they are finally okayed and released. By adhering to the 450 million bu season's total wheat and flour, if April allocations are 1/3 of the balance still due, it would be only 26 million bu; or about 10 million bu less than for March. Futures prices were firm, seemingly led to a great extent by corn. Country selling and eastern shipping demand is small. There was some light precipitation in the Southwest, although fairly generous in the Fort Worth-Enid-Oklahoma City area.

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CHICAGO, 4 Feb. 26, 1948.

There was very little in the overnight news. Rains that were reasonably extensive occurred in parts of Oklahoma and Texas, but there was no moisture to speak of elsewhere. It appears as though clearing conditions would prevail over most of the Southwest during the next twenty-four or forty-eight hours. We have seldom seen the time when both the movement from the country and the demand from consumers was so slow, but it is a fact that producers persisted in holding both wheat and corn, and apparently as the recent rallies have taken place this was accentuated as many of them who had become scared were evidently better sellers when we had the severe break a few weeks ago. In the meantime, we doubt whether anybody is carrying heavy flour stocks, and one of these days there must be some replacements, but meanwhile the general demand is poor, particularly since PMA shows no evidence of re-entering the market for the balance of this week. It has been some time now since the Commodity Credit Corporation has made any new commitments. In fact, the Washington release of February 24th makes this terse statement: "No purchases of wheat, flour, or other grains were made by the CCC last week, according to the Department of Agriculture." However, it must be recalled that the cumulative wheat purchases since July 1st have totaled 209 million bu, and flour in wheat equivalent nearly 39 million bu, which means a total of 248 million bu, plus a stockpile of 52 million bu. In addition to this there are some smaller quantities of barley, oats, and grain sorghums, together with less than a million bu rye, that have been acquired by this governmental agency in addition to which private exports, which in the aggregate were not large but contributed further toward raising our total shipments.

After the close of the market tomorrow, new parity figures will be given for February, and some people look for a decline of possibly 2%, which might mean 5¢ per bu with respect to wheat. This, of course, brings to mind that any further changes, particularly if important, would be reflected in the next loan figure. Consequently, this is a factor that has to bear close watching, particularly with reference to the new-crop futures. People do not seem to be as much disturbed about a sharp decline in the general parity level as they were a few weeks ago when all markets were breaking sharply. As a matter of fact, the general tendency has been in the direction of curbing advances, and manufacturers have operated very cautiously, but outside of foods and feeds, we do not know of any articles that have declined sharply during the period of readjustment. Therefore, the 1948 loan may still be considerably higher than the previous one, and if this is the case it will naturally have an important bearing on July and September wheat, and in fact, all new-crop deliveries. The attitude of farmers reflects foremost a feeling of holding grain except when the price is very attractive. No doubt sharp recessions would only mean that large quantities might be impounded and would, therefore, be taken out, temporarily at least, of the commercial supply.

Primary receipts today were light and amounted to only 418,000 bu. This compared with 484,000 bu last week and 1,322,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 669,000 bu. Chances are we shall have another shrinkage in the visible next Monday again, particularly with light receipts, although the primary movement is generally small during February and March, but we may expect some improvement later on if crop prospects are reasonably good.

There was a fair amount of liquidation today in various pits, following the recent advance. Volume of trade was small, and it took just moderate selling to bring about declines, but toward the last, when there was some short-covering, the advances were almost as rapid, and considering that cash interests are doing so little, we believe that the markets are showing a reasonably good undertone, but this is mostly due to the fact that there is so little pressure from first hands.

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CHICAGO, 4 Feb. 27, 1948.

The most important overnight development was the somewhat unexpected rains that were received in the Southwest, and which also extended into the Central States. Those who had read the map were pleasantly surprised to note these overnight developments, which are regarded in the wheat-producing states as most satisfactory coming at this season of the year. Liberal, Kansas wired that farmers out in that section claimed that this was the best rain since October 1946, and that it was still coming down hard. In parts of Oklahoma the rain was not too heavy and some sections of northwestern Kansas were skipped, but elsewhere in the State they had from 2 to 3 inches. This moisture in the Far West was regarded as being extremely helpful.

Therefore, it was a foregone conclusion that our market this morning would open lower. The carryover feeling from yesterday was not too optimistic. The fact that the general demand is so poor and that the word "Stagnation" has been used in some quarters with respect to milling demand is significant, particularly since the sharp break in prices from early January has not stimulated the demand to any extent. It seems, however, that in the flour industry, as well as elsewhere, buyers are proceeding very cautiously, and there does not appear to be general confidence, although it has been somewhat restored in foods and in feeds, at least to the extent that pressure from the country is not heavy. Therefore, news such as we had today did not bring about the sharp declines like we had two weeks ago. Apparently markets have been fairly well liquidated, and also the trade is conscious again of the parity formula, which suggests a reasonably high loan for wheat next summer unless a general slump in all commodities should occur.

It cannot be overlooked that the price received by farmers for food products rose 3% from November to a new record in December. Preliminary estimates indicate that these prices rose even more from December to January. The Department of Agriculture, in compiling statistics, refers to products in the family market basket. They point out that producers received $373 for various items in December compared with $332 a year earlier. This, of course, is well known to most housewives, but apparently is the reason for the hand-to-mouth buying and added discrimination in view of the sharp advances that occurred during that period. The national average retail price of white bread per pound advanced from 12¢ in December 1946 to 14.2¢ in December 1947, or 18%. During this period the amount received by farmers for an equivalent quantity of wheat rose from $2.51 to $3.45, or 37%. It is pointed out that the rise of over 2¢ in the retail price was more than twice as great as the increase in the payment to farmers for wheat used to make a pound of bread, but that part of the additional rise covered increased costs of bread ingredients other than flour.

Primary receipts of wheat were a little better, and amounted to 573,000 bu. This compared with 485,000 bu last week and 1,190,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of over a million bu. This suggests that the shrinkage on Monday will be considerably larger than last year, when the wheat visible declined only 751,000 bu.

Trade was reasonably active at times, and we had weak markets during the early part of the session, but still no great pressure from the country. By the same token there was no urgent demand for wheat, and mills are beginning to complain that it is increasingly difficult to maintain operations. The start of the next month may witness a further material slump in the grind. Of course, there might be some improvement if PMA came into the market, but for the time being they are on the sidelines, and yet no certainty that they are going to buy next week. The April export quotas are being considered, but may not be issued for at least another week. In any event, even with the fine moisture that was reported in southwestern districts, there seemed to be a fair amount of short-covering, and this gave us a sharp rally, which in turn affected corn also. The forecast is for a cold wave for the Northwest and zero weather may visit areas as far South as Iowa, but we do not hear anything sensational in the drop of temperatures farther southward.

Final prices were not so much lower than for the previous day; and many of the losses were pared down by evening-up of commitments, possibly the fact that the new-crop futures are being accumulated on the decline may have something to do with a certain amount of resistance to selling. The bulk of the trade in wheat still centers in the May future, and yesterday, for example, there was twice as much May wheat traded as July, while in December the volume is still very small.

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CHICAGO, 4 March 1, 1948

Markets sometimes ignore temporarily certain fundamental situations, Ever since last November when prices rose to the peak, little attention was paid to gradual improvement in Southern Hemisphere crop outlook, with the result that all of a sudden it was noted that Australia had raised about 228 million bu wheat, thus establishing a new record for the Commonwealth. Likewise, Argentina's wheat harvest had also turned out better than had been expected. Some experts believe that when the final yields are given, the crop may show above 250 million bu, plus a carryover possibly of about 20 million bu. However, it is a fact that so far little new wheat has been sold abroad, and the last bulk transaction reported by Broomhall was about 18 million bu for Brazil, so that apparently there is still a large surplus overhanging the market. Australia has been more aggressive, and up to the present time 80 million bu has been sold to the United Kingdom, and possibly 25 million bu to India. Moreover, since December large quantities have also been sold to Switzerland, Eire, France, Sweden, and other countries, which may involve as much as 50 million bu. This, of course, relieves the demand from the United States and from Canada to some extent, and possibly explains the reason that CCC has bought so little wheat lately. Possibly they are getting fewer urgent calls from abroad.

It likewise cannot be forgotten that within the past few months, there have been other potential changes in the world supply position, which may become more of a factor next summer. In contrast with last year, we find a splendid condition prevailing in many of the European countries, which means that their winter wheat crops should be considerably better than in 1947. Helped by the milder winter, fuller acreages were planted and more fertilizers were used last fall. Direct reports claim that the plant could scarcely have a better appearance. It may be true that mild winters do not always give us the largest crops, and it is not too late yet for winter damage. However, it is a great relief to have gotten this far on March 1st without any serious complaints. We never pay too much attention to Russia, but yet she is now caring for the requirements of all the satellite countries, and in addition to this seems to have some grain to spare for the United Kingdom, Norway, and Belgium. Broomhall believes that there may even be a better crop in that country next summer than last, and thus with the many agreements that Russia has entered into one might expect heavier exports next season.

When our market opened this morning, it was influenced by higher prices than had been registered in cottonseed oil, cotton, and the hog markets, and almost from the start corn prices were considerably higher. As there was very little pressure from the country, it required only moderate buying to give us higher levels in the other pits, even though the demand is still extremely dull. There is some talk that PMA might be buying flour on the West Coast, but elsewhere it is rather slow, and there is no intimation as to when purchases will be made more generally for either wheat or for flour. The trade, however, feels that inasmuch as some purchases were made on the West Coast, there might be more aggressive buying elsewhere, and this may have been the reason for some of the sharp upturns that took place today. CCC made no purchases of wheat whatsoever last week, and in fact, this agency has been inactive in the market since February 5th. However, they bought 925,000 bu milo toward the latter part of last week, and this we believe was all in Texas territory. Another factor today was the bullish Santa Fe report, which was possibly compiled before the recent wonderful moisture occurred. However, it is generally realized that it is quite early in the season to have positive convictions, and outside of the State of Kansas most reporters seem to be fairly confident that crops are making good headway.

When the visible supply of wheat was posted, there was a decrease of 5.6 million bu, reducing total stocks to 75.6 million bu compared with 35.8 million bu on hand last year. Chicago stocks decreased nearly 1/2 million bu, and are reduced to 2 1/2 million bu. The corn visible for the country increased 275,000 bu; total stocks are nearly 19 million bu, but still 12 1/2 million bu smaller than last year. The oat visible decreased rather sharply, leaving only 5 1/2 million bu in all positions, but still a shade more than we had on the same day in 1947.

There was some profit-taking but yet prices were considerably higher. It seems that the 33 1/3% margin accentuates some of the fluctuations, and we are having wider swings than in normal times. May corn in fifteen days recovered 35 of its loss.

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CHICAGO, 4 March 2, 1948

We remember only too well when domestic supply and demand relationships, plus government buying, have at times been stressed to the exclusion of more general world influences. In our opinion this gave us rather constant advances in the market to above $3 per bu for wheat, only to be followed by a severe break, and now again with the government on the verge of stepping in to buy either flour through PMA or wheat through CCC, there seems to be further anticipation of bullish consequences through these operations. Formerly, when there was a big trade at Winnipeg and Liverpool, those other markets had a direct impact and prevented our getting out of line for too long a period except when we were completely dominated by domestic factors. These outside influences, which often acted to bring us in line, are no longer a steadying medium, and for this reason we probably have sharper swings than in normal times. In addition to this, high margins have robbed the market of some of its liquidity, therefore, it is likely that the pendulum will swing too far in either direction between now and the time of harvest. Because of these fluctuations, the finger is often pointed at the various grain exchanges, claiming that speculation is responsible for bringing about certain distortions. However, we cannot eliminate these speculative issues, because even when a farmer holds his wheat crop he speculates on the price. Likewise if he sells it and puts the money in a sock under the mattress, he is gambling on the value of money, or in other words, what his dollar will buy when later he wants to spend it. As Senator Harry Byrd pointed out recently in connection with the administration's spending program that Mr. Truman was "gambling with the Nation's solvency."

When our market opened, it was little influenced by the overnight moisture, but it seems that the snows were again very general, and while not extending into Texas, there was wonderful moisture covering practically the entire winter wheat belt. Map readers are looking for a continuation of this during the next twenty-four hours. Under the circumstances, it is almost a foregone conclusion that coming at this period of year, before the plant emerges from hibernation, we shall get off to a wonderful start. The Santa Fe report, which was issued yesterday, was so pessimistic that a good many people were completely shocked by its implication, but yet we feel that it is far too early to come to any definite conclusions with respect to the percentage of the crop that may be hurt, by virtue of the late seeding, and we would still rather base our calculations on pastexperience where the moisture factor brought about good yields even when fall germination had not always been completely satisfactory.

Primary receipts of wheat amounted to 580,000 bu compared with 1,194,000 bu last week and 1,445,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 90,000 bu.

While markets were pretty strong early, there was some profit-taking, and this was encouraged by some of the State reports, which were reasonably optimistic. For example, the one from Nebraska stated that while precipitation had been light up to now, it had been frequent, and the surface generally had sufficient moisture. We believe since that time good snows have occurred. Likewise the demand showed little improvement, and flour sales, while a trifle better, showed no evidence of broadening, with most bookings very small, and little inclination to buy except for small replacements. Thus it was rather difficult to have sustained strength, although there was some buying on the theory that government support might become a factor before long. We believe there was also some buying of wheat today against sales of corn, and this had a rather depressing effect upon the deferred corn futures, which closed considerably weaker. However, May corn held up reasonably well, as receipts are next to nothing, and there seems to be hardly any pressure from the country. The same is true of wheat, with farmers showing a holding tendency, but after we get some growing weather, there may be a change in their general attitude.

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CHICAGO, 4 March 3, 1948.

Secretary Anderson came out with a rather bearish statement this morning expressing the fear that wheat prices very likely would drop below the government support level by July 1st unless Congress repealed the law restricting exports. At the present time there is a mandate that we shall carry over 150 million bu wheat on July 1st, and Congress passed this legislation at a time when prospects for the next crop were much poorer than now. It was feared that dissipation of supplies might bring about disaster in this country, and it was recalled that last July we had only 83.4 million bu wheat in the reserve, which might have meant breadlines in this country, had it not been for the fact that the crop came in on time and was so bountiful that many of the holes that had been created were quickly filled. Certainly a country having a population of 143 million . cannot take a chance of letting its reserves run too low. It is bad enough to have breadlines in Poland and in Austria. without the threat of the same occurring in Denver, Philadelphia, Dallas, or Chicago. The fact of the matter was that old-crop wheat last year sold at a premium of 50¢ per bu over the July future. This was certainly an indication of great scarcity which it seemed unwise to repeat, but which might have confronted us if we had not restricted to some extent shipments of wheat abroad.

The low carryover of last July was the smallest in ten years, and the second smallest in twenty years. The largest carryover of wheat we ever had in this country was in 1942, when 630 million bu had accumulated, but even in the ten years prior to the war, our average carryover reserve amounted to 235 million, and in the days of the Farm Board era, we used to figure about 120 million bu a normal reserve at the end of the season, at which time our population was much smaller than at present. Therefore, it is probably safe to feel that we should have three to four months' supply on hand, considering our vast population. Even Canada with only 12 million people carried over more wheat at the end of her season last year than we did in this country.

In any case we are not inclined to accept the very pessimistic views of Mr. Anderson with respect to price. It is true that in some years wheat sold below the loan, but it never stayed there for very long. Furthermore, there are too many farmers who are fully conscious of the government's benevolence, and we doubt if many producers after harvest would sacrifice their crop when it would be just as easy to impound their grain and accept the government loan. After all, these non-recourse loans are more than the word implies. For example, if a grain man goes to his bank and borrows money, the loan must be repaid even if the price declines 50¢ per bu. However, under the government loan program, it is optional with the farmer as to whether he wants to redeem his wheat and pay off the loan. In other words, when the price is higher and he can afford to pay the accumulated charges of storage, interest, etc., and still make a profit, he finds it convenient and remunerative to do so, but if the price should be considerably lower, he simply defaults, in which case CCC assumes the risk and possibly takes the loss. Under such an arrangement it requires no great intelligence to decide what to do. Therefore, we feel that Mr. Anderson's anxiety is unwarranted, although we admit that temporarily the pressure might become great enough to carry wheat under the support levels. As of now, nobody can be sure just what the loan rate will be next summer. However, based on February parity price, and adding freight and charges, including the freight increase over last year, we figure that the Chicago loan rate would be about $2.24 per bu, and will, therefore, be higher or lower depending on what level parity reaches by June 30th of this year.

Primary receipts of wheat were next to nothing, and amounted to only 264,000 bu compared with 548,000 bu last week, and 926,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 378,000 bu.

After early weakness and liquidation, corn turned rather strong for a time, and we understand there is a better tone to the eastern corn trade. The May corn future was comparatively firm, and gained further on the deferred months. This had a temporary influence on wheat, and with the possibility that Washington is working toward increased wheat exports, endeavoring to change the mandate for a carryover of 150 million bu, there was some buying of May wheat against sales of the deferred months. On the other hand, the prediction is for more snows, and crop prospects everywhere are reported improved. We had direct reports from Oklahoma and Texas to this effect, and the outlook is far better than it was 3 or 4 weeks back.

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CHICAGO MERCANTILE EX.

CHICAGO, March 4, 1948.

The trade was confronted yesterday with a statement by Secretary Anderson that wheat prices might decline below loan levels unless our policy on exports were changed, which in essence meant that the present mandate for carrying over 150 million bu should be scrapped in order to permit a higher goal than presently intended. In almost the same breath, it was announced from Washington that April allocations for wheat and flour would cover about 30.5 million bu wheat as grain and flour combined. As part of the program, it was planned to ask mills for offers on flour to the extent of about 9.3 million bu to meet April shipments. The Secretary announced that he was asking millers to submit offers by Friday noon in order to take care of April exports. Apparently he had no intention of re-entering the wheat market immediately but preferred to see first what effect flour purchases might have on the market. It is rather difficult to tell at this time whether all offerings will be accepted, or whether the government will take the full amount that it has tentatively scheduled for April, but in any case, it injects a little extra bullish stimulation into the market at this time, particularly as this government buying also encourages private interests to carry on more aggressively than they have been doing. We may not hear definitely until Monday or Tuesday of next week as to what PMA actually accepts, and for this reason there will be some uncertainties for the next few days. Moreover, the trade feels that if 30 million bu is to be shipped during April, it would mean average commitments of a million bu per day to be covered. This, of course, would have to be qualified also, because of the fact that the government had certain stocks on hand, but by the same token we must assume that they want to carry some wheat forward for their May commitments in order not to be completely dependent on purchases when May allocations come around.

The whole thing is rather complicated for the reason that whenever the government buys such large quantities, it has much more influence than when the same is handled privately. As exporters, we remember times when we covered hedges on 2, 3, or 4 million bu wheat without creating more than a slight ripple in the market, but the way the business is presently being conducted, it seems to be advertised first and the moment hedges are taken off nobody can tell just how extensive buying may be, and thus repercussions are far greater than was the case before the federal agencies participated in this business. Mr.Anderson expressed the hope that the offer to buy flour would not cause prices to go sharply up again, but yet May wheat advanced 10¢ per bu this morning before sufficient offerings came into the pit to relieve the situation. Inasmuch as markets are rather thin now, this was not too surprising in view of the fact that the overnight news was construed as being quite bullish.

Primary receipts of wheat today were again very light, and amounted to only 296,000 bu compared with 418,000 bu last week, and 1,434,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 748,000 bu.

It was apparent right from the start that the May wheat future would be the strongest in the event that hedges had to be covered against large sales of flour. However, some selling gradually came into the pit, and best prices were not maintained, although the May improved in relation to the deferred months, and the new-crop futures were influenced by the good moisture which was again reported in western sections of Kansas, Nebraska, and the Panhandles of Texas and Oklahoma. Crop prospects are much brighter than they were a few weeks ago, which, of course, prevents sustained strength in the deferred deliveries, although, as we pointed out yesterday, some support is coming into the market owing to the fact that we shall probably have a reasonably high loan, and if prices should decline sharply a fairly large percentage of the 1948 harvest might be impounded.

Corn was helped today by the great strength in wheat, and possibly also by the light bookings. There seems to be no pressure yet from the country, but the roads are still bad, and this may come later on.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 5, 1948

Today's market was just a continuation of what we had yesterday. There is still speculation as to how much flour the government will buy, but it seems quite certain that many of the mills are extremely anxious to gain grinding time, and will, therefore, make offers to the government by noon today. As we understand it, so far as is physically possible PMA has assured the milling industry that confirmation of acceptance would be telegraphed to mills prior to the opening tomorrow. Thus one cannot be sure what sort of market we may have during Saturday's short session. Possibly some of the hedges have already been lifted in anticipation of the business, but in the main we presume that there will be considerable covering of futures, and very likely this was the reason for further advances in the May future today, although the new-crop months also went up sympathetically, but were influenced at times by the wonderful snow-covering in the Southwest. We can hardly remember a time when there was this much snow on the ground the early part of March just before the growing season started. In fact, in some of the western sections they had a foot of snow overnight, which is likewise unusual. Some of these far western districts have been complaining heretofore that there was a moisture deficiency, but with 15 to 18 inches melting slowly in some of those areas, there is bound to be great relief and substantial benefits.

The declines in some of our agricultural products during February have been characterized as among the sharpest in history. From January 15th to February 15th, the average price of hogs slumped $5.10; wheat 69¢; corn 54¢; soybeans $1.14; Other commodities showing substantial declines were rye, barley, sorghum grain, cotton, oats, and flaxseed. It is not strange, therefore, that we have also had some pretty fair reactions, and we rather suspect that when the March parity prices are issued, there may be an increase as compared with February, particularly in view of the recovery in feed grains and feedstuffs generally. Even with the sharp slump that occurred, prices of most important farm products remained above support levels. For the time being there continues to be very little pressure on any of our markets, for the reason that farmers are selling only small quantities, and part of this may be due to weather conditions with roads impassable. It is also the thought that offerings of wheat may not increase much until after we have a period of growing weather, so that producers may get a better idea of next year's yields.

Since August 1, 1947, the four major exporting countries have shipped 55 million bu more wheat and flour than a year ago. Canada actually shipped 11 million bu less but there was an increase from this country of 28 million bu and from Argentina 33 million bu, while Australia's clearances were 4 million bu larger. The government points out that if growing weather is favorable the production of food crops may still equal the 1947 record, although food from livestock is expected to be less plentiful, chiefly because of the decline in livestock numbers. On the other hand, domestic consumers will probably have more sugar, rice, dried fruits, and dried whole milk than last year. Otherwise not many changes are looked for, and even meat consumption is expected to be some 143 to 146 lbs per person, which would be the fifth highest in the last twenty-five years, although possibly a reduction of from 5 to 7% as compared with a year ago.

Primary receipts of wheat were a trifle larger at 439,000 bu. This compared with 573,000 bu last week and 1,340,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 904,000 bu. We expect a bigger shrinkage in the visible supply on Monday than last year, when it decreased 2,129,000 bu.

Today's market was rather quiet but few people dared go home short, pending government business that may be put through tomorrow. If these hedges are covered, it may give us a spurt for a time but on the other hand it may be the last large business to be put through for some time; therefore, cannot be regarded as being too bullish a factor. We appreciate that later on there may be some CCC wheat purchases, but in view of the fact that May wheat is already at a big premium over July, possibly some of these factors have been discounted.

There was very little feature to the corn market but light offerings restrain traders from taking a very bearish position, although the deferred months are under pressure by those who feel bearish, and who believe that by next year we may have quite a different situation to face.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March, 8, 1948

General advices are to the effect that the International Wheat Agreement has been concluded, insofar as the various conferees are concerned, with thirty-six nations participating. Of these, there are thirty-three who import grain during the year, while the other three are exporters. The latter are the United States, Canada, and Australia. This leaves out two important elements in the export field: namely, Russia and the Argentine, which apparently did not see any advantage in becoming signators. In view of the fact that the Argentine raises 225 to 250 million bu and consumes at home anywhere from 100 to 125 million bu wheat, it is quite apparent that the surplus from that country might be an important factor if Argentina stays outside the fold and might offer her grain more advantageously than the other surplus nations. Likewise, Russia, always an unknown entity, might have quite a bit of grain to ship if conditions are right, and thus there are even more complications to the present agreement than there have been on past occasions. Therefore, we have some doubts that, even if the various governments now included agree to the terms set forth, whether the new arrangements will work out favorably. In Russia, they apparently have had an exceptionally mild winter, preceded by a long, drawn out wet and relatively mild autumn, all of which favored winter grains. However, it must be noted that the most critical period for wheat crops in the USSR is considered to be the late winter and early spring, and some apprehension has been voiced recently by the Soviet Agricultural Press, because of the almost complete lack of snow in southern regions of European Russia where the bulk of winter wheat is generally grown. Likewise there seems to be insufficient snow-covering in some of the districts of Asiatic Russia. Before the war, winter grains accounted for about two-thirds of the bread grain supply; consequently, it can be seen that spring crops are of lesser importance.

During the past few years, we have been able to sell all the wheat from the United States, and in fact, could have sold virtually any grain that was in surplus, owing to the tremendous European demands. However, this will not always be the case. Last year total exports of all goods and services amounted to $19.4 billion, which was almost five times the prewar average, (1935-39). The dollars for these exports were obtained from the following sources: (1) We imported about $8 billion worth of goods and services, and so the dollar exchange permitted about an equal outgo without any financial incumbrances. (2) About $5.9 billion was loaned or granted by the U.S. Government to various foreign nations, and apparently under the Marshall Plan, loans of this kind will continue. (3) About $4.3 billion was received from the sale of gold in this country, and from the liquidation of U. S. bank balances and other short-term dollar assets. This may or may not be a recurring item; so at least there is some doubt whether it may be considered a normal business procedure. (4) About $1.2 billion was received by foreign countries from all other sources. From the above it will be seen that monetary considerations will play an important part in the export fields. In concluding the International Wheat Agreement, at least on a tentative basis, the maximum price suggested was $2 with a minimum of $1.50 per bu for the first year, but a sliding reduction to $1.10 for the fifth year, and thus it can readily be seen that if high loans in this country continue, we shall have to subsidize exports and one cannot be entirely certain that the Congress will ratify an agreement, which means that the federal agencies will have to make up the deficits between prices at home and those for export.

Primary receipts of wheat were a little larger today, but they had been running at such a small rate during the week that when the visible supply was posted today there was a decrease in stocks of 3.6 million bu. The total is about 72 million bu compared with 33.7 million a year ago. The corn visible showed a decrease of 1 1/4 million bu, while last year at this time there had been an increase. Oats decreased nearly one million bu, leaving only 4 1/2 million in the visible supply. Chicago stocks of all three cereals decreased, and there is only a little more than 2 million bu of wheat here.

Markets were weak right from the start; May, July and September corn declined the full permissible limit. In wheat, there continued to be disappointment despite lack of offerings from the country. However, domestic milling trade is very slow, and it is generally felt that the flour mills have offered the government much more than they will be able to accept, in order to gain grinding time. Apparently this was responsible for further liquidation. May wheat lost on the new-crop months.

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CHICAGO, 4 March 9, 1948

Since the middle of last week, the government has advertised pretty widely that it was in the market for a substantial quantity of flour, claimed to be in the neighborhood of 9 million bu in wheat equivalent. They asked any of the mills of the country wishing to participate to make offers, and at first it was thought that acceptances would be forthcoming immediately, so that mills could protect themselves in the market last Saturday by covering hedges. Undoubtedly some of the mills, fearful that the quantities were large, protected themselves by covering futures, because on at least one occasion in the past, the market rallied very sharply after the government announcement had been made. Ordinarily, when the prices were higher, mills took some losses covering these hedges, and on such occasions the government prided itself that it had bought wisely. Yesterday, however, after the market had closed, the acceptances covered only about a million bu wheat equivalent, or possibly 10% of what the government had claimed it was trying to buy. These tactics, while permissible under the agreement set forth by PMA, were nevertheless unexpected, and caused some feeling on part of mills who had apparently offered their product in good faith, and had willingly assumed the risk of market advance as well as of the decline. The action of PMA was also regarded as somewhat bearish, at least temporarily, although it seems that the government will probably ask the mills for new and lower offers on approximately 8.4 million bu within the next day or two. This decision is not final but it appears as though April allocations would have to be met soon.

Other news had very little effect, although a few light snows were reported in southwestern districts, and prospects are for more. The five-day forecast is extremely optimistic, although some people believe that we should have a period of warm weather, with no further precipitation, so that the fields may dry out, and farmers may start their spring work. The fact that several of the nearby corn futures had also declined the full permissible limit yesterday had some influence in today's session, as the overnight bookings of corn from the country were reasonably heavy, and apparently some hedges were placed in this market. However, the more distant futures of both wheat and corn have reached a point at which they seem to be on more debatable ground. December wheat touched $2.13 3/4 per bu, which seems to be about 10¢ under the probable loan, based on the February parity price.

Primary wheat receipts today were still moderate, and amounted to 553,000 bu; this compared with 580,000 bu last week, and 1,594,000 last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 80,000 bu.

We are told that due to a decline in prices there is some disposition on part of farmers to sell a little more freely, but we have not seen much evidence yet of increased pressure, but this is still apt to come, particularly if the outlook for the next crop continues so favorable.

During today's session there were reports of fresh snow in various parts of Kansas; while some people may think we are getting a little too much moisture now, we have seldom seen the time when this was the case coming so early in the season.

Our markets today were intermittently weak and strong; there was no special feature, although, as we have felt right along, the new-crop deliveries between $2.15 and $2.20 offer a little more incentive to buyers, or prospective buyers, because of the fact that we shall probably have a reasonably high loan level, and thus the risk of ownership is not very great at this time. However, May wheat, which represents the old crop, is in a different category, but it probably depends more or less on government buying activity, and we feel that before long there will be purchases not only of flour, but also of actual wheat, to cover April shipments. Therefore, some support from this source might easily be expected. We appreciate that Mr. Anderson has expressed the fear that wheat prices may be forced below support levels by July, and he is, therefore, hopeful that the law recently passed requiring a minimum carryover of 150 million bu may be repealed. He very likely has in mind that the government may also be forced to buy millions of bushels of potatoes before the end of the calendar year. These various factors undoubtedly are giving him some concern. Hog receipts at the various markets are heavy, weights are keeping up pretty well, suggesting a lessened feeding, but for the time being there is not much corn being offered from the country, except when the price declines and producers become scared. This is the reason for the big premium still being paid for #2 yellow corn, and it apparently is discouraging traders from assuming too bearish an attitude, even though feeding operations are not particularly profitable at this writing.

CHICAGO

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 10, 1948.

After the close of the market yesterday, sentiment was a little more friendly to all grains. The sharp breaks which occurred had very likely strengthened the technical position of the market, and it looked as though we might be entitled to a little further recovery. This was based on the fact that the government was anxious to buy about 9 million bu flour in wheat equivalent, and had only purchased about 10% leaving the greater part still to be acquired. Likewise, it has been known for some time that they would also have to take about the same amount of wheat in order to secure sufficient supplies for April commitments. The total of wheat and flour is a fairly large quantity in quiet markets when the country is selling so sparingly. Of course, we can never tell just when farmers may decide to sell more freely, but the chances are that if crop prospects are maintained, we may get a secondary movement during April or May. For the past few weeks primaries have run only about one-half or one-third as large as last year, with sizeable quantities still back on the farms, and there should be no particular incentive to hold this except that there are always producers who may feel that inasmuch as they did not sell when wheat was close to the $3-level, they will pass up an opportunity of selling now in the hope that advances later on may permit them to secure a higher level of price.

We understand that many of the mills that participated last week in offerings of flour to the government have been requested to renew and reduce engagements, but from the action of the market we doubt whether PMA is going to secure any great bargains. As a matter of fact, a good many of the mills may withdraw from the field. Some have voiced the opinion that the risk involved is too great to take a chance on market fluctuations for a two or three-day period, while the government makes up its mind whether or not it will buy. In the event that prices rise, probably everything will be scooped up, and if the volume is particularly heavy, it may mean considerable competition in the covering of these hedges. However, the domestic milling demand is very poor, and some of the industries require grinding time, so that they are more or less dependent on immediate business to keep their plants going.

News with respect to crops is almost uniformly satisfactory. Broomhall's summary claims that winter killing in most European countries is believed to be small, and that spring plowing and seeding operations are expanding. Rain is forecast for France, and if this materializes it will benefit winter wheat and winter crops generally, and will also improve the soil for spring plowing. Here at home we have had additional snows in the Southwest, and temperatures are low, but the fields seem to be reasonably well protected. The Kansas Weekly crop report stated that wheat and soils were greatly benefited by the unusually heavy snow received during the week. Also, that the covering protected wheat from low temperatures over the northern and western parts of the State during the last few days of the period. There may be some delay in seeding oats and spring barley, but as the snow melts the danger of soil blowing has been greatly reduced. The Nebraska State Report claims that winter wheat outlook should improve greatly as the result of snow, which ranged from 5 to 8 inches in depth in the western sections where surface soil had been quite dry previously. With alternate high and low temperatures, snow should remain longer and more of it sink into the soil than otherwise. In eastern Nebraska, on sloping land more damage may be expected from moisture running off and the late-planted wheat will have a better opportunity unless there has been too much previous damage from winter killing.

Primary receipts of wheat today were unusually light, and amounted to only 273,000 bu; this compared with 264,000 bu last week, and 883,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 302,000 bu.

Trade was not particularly heavy, but markets remained firm during most of the session, and once or twice when there was minor weakness the recoveries were reasonably rapid. Apparently, nobody wants to assume a short position until after it is seen to what extent the government engages in further purchases. Feeding operations are not particularly profitable right now, but the spot corn market holds firm, and offerings from the country were light.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 11, 1948.

With the corn crop last fall about 800 million bu smaller than the previous year, it was a foregone conclusion that we would have to have great economies in feeding in order to make ends meet. Apparently this is being accomplished as we study statistics which have been made public by BAE, showing that by January 1, 1948, the number of cattle and calves on farms had dropped 8% below the record of January 1,1945. There were fewer sheep on farms and ranches on January 1st than on any similar date since 1871. Farmers had 2 million fewer hogs on January 1, 1948, than a year earlier, despite the larger pig crops in 1947 than than in 1946. Furthermore, about 2 million fewer hogs over six months of age were on farms the first of the year, indicating that the demand for feeds would thus be slackened. Chickens on farms this year numbered 463 million, which was only a slight reduction during the twelve months' period, but yet it was the smallest number since 1941. Turkeys on farms were 5 million, a reduction of 2 million from the previous January. Egg-feed and poultry-feed ratios are now both below average, and last year, and it is indicated fewer chickens and turkeys will be raised this year than last, and the numbers at the end of the year will be less than they were on January 1st. Hog prices dropped more than other livestock prices in the last month, probably the result of heavy marketings, but yet this has given us a much poorer feeding ratio than previously, and has resulted in heavier stocks of meat in storage than a year ago. A further decline in the number of livestock on farms is in prospect for 1948. The trend according to the government may be reversed in the fall and winter of 1949, if next summer's corn crop is large and the 1949 spring pig crop increases over 1948.

When our market opened this morning, it was little influenced by the weather although very low temperatures had been reported in many parts of the Southwest and subzero thermometer readings are rather unusual for this season of year. We heard one or two complaints in Texas that the oat crop might have sustained some damage, but as for wheat, we believe that most of the fields are pretty well protected by snow, and all that is needed now is a return to more normal temperatures to give farmers a chance to start their spring work. Some encouragement stems from the fact that it is warmer in the Northwest, and probably by Sunday we shall have relief elsewhere, which is always to be expected after the sun gets higher in the heavens, and ten days from now will usher in, at least according to the calendar, the first day of spring.

PMA shortly after the opening announced that it had bought some quantities of flour produced from soft wheat varieties, and possibly some hedges were lifted, which gave further strength to the May future, and this gained slightly on the more deferred deliveries. All that can be said up to now is that the government has accepted only the cheapest offerings, and it remains to be seen what their attitude will be when it comes to buying the great bulk of flour still needed to take care of April shipments. We understand that a very large number of millers have submitted new offers, and possibly we shall know more about the number of acceptances and the volume before the opening of the market tomorrow.

Primary receipts of wheat were again small, and amounted to only 321,000 bu compared with 296,000 bu last week, and 1,090,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 465,000 bu.

We are convinced r4om what we hear direct and through others that there are still tremendous amounts of wheat left back on farms, or held by producers at terminals, which sooner or later is bound to come out. Meanwhile, however, there is not much pressure, but the domestic demand is still very poor, and when a selling wave came into the pit today it found the market thinly supported. This caused more than the usual setback, with declines in wheat extending to nearly 6¢ per bu. Part of this undoubtedly is due to high margins, which are giving us more erratic swings than would otherwise be expected. Likewise, mills which had such a bad experience the last time in covering some of their hedges prematurely have not been interested in buying until they could know for sure whether the government had accepted their offerings. It is considered highly improbable that CCC will buy any wheat for export until after the flour-purchase program is out of the way. The Oklahoma State Report on wheat reported condition of the plant excellent in the southwestern part of the state, however,little growth because of cold weather. In the northwestern section, wheat is not far enough advanced to evaluate the condition. Generally speaking,a period of clear and warm weather is needed for farmers to resume their field operations.

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CHICAGO MERCANTILE EX.

CHICAGO, March 12, 1948.

For the past ten days we have had a series of surprises in the grain business, many of which have been enumerated in our previous market letters. After the close yesterday it was announced from Washington that PMA had accepted practically all offers of flour at prices that appeared moderate, covering a quantity thought to be in the neighborhood of 8.4 million bu in wheat equivalent. It was thought that business of such magnitude would have considerable impact on the market, particularly as the open interest has been greatly reduced in recent weeks, and for example, in the May future here in Chicago it has declined to about 25 million bu. However, from today's market action, it is quite apparent that the mills are covering their hedges rather leisurely, or may have anticipated previously that the business would be put through. We heard of one mill that during the past few days covered sufficient quantities of July and September wheat to take care of probable sales that would be made to this governmental agency. Others may have acted similarly during the period of weakness, and, of course, there are those who do not hedge quite so religiously, or even others who are sufficiently bearish at the moment, because of the fine crop prospects, who figure they may be able to buy in hedges to better advantage later on. Some cash wheat, of course, is being bought right along, and this is a partial offset to the sales of flour recently put through, although we do not hear of any large quantities being sold by the country, but yet there is such a huge amount of grain still held by farmers that there is every likelihood that a good percentage will still come out. Furthermore, we are only ten weeks away from a new crop, and if it were not for the loan price, a good many people would unquestionably assume an outright bearish position on the theory that prices are high now as compared with pre-war, and we have had few times in history when farmers could market their wheat above $2 per bu at the start of the movement.

Of course, the loan is naturally a big factor. Unless parity should decline sharply a good deal of grain is bound to be impounded if prices stay too low. This will act as a support in the event that there is heavier marketing of wheat when the new crop is harvested, and it may well be that the May futures in the various markets will finally decline to a narrower premium over the new-crop positions. We do not find that there is an excessive amount of wheat at various terminals, and Chicago, for example, has only about 2 million bu here, but we recall one occasion when the total U. S. visible declined to as low as one million bu without causing a catastrophe because there was the assurance that new supplies would soon be available. This year, of course, there is every reason to expect that if crop prospects continue good, we shall have plenty of wheat sold by producers during the next few months. At the moment domestic business is very dull, and many of the mills are finding it difficult to continue operations unless they get new business almost immediately. This, of course, is creating a bearish sentiment despite the fact that we shall probably have large exports during the next season, even admitting that the European crop outlook is greatly improved. Broomhall reports satisfactory conditions on the Continent, with farmers in many instances getting into the fields to start their spring work. Here at home the forecast is for generally fair weather with rising temperatures, so that by Sunday it might become quite pleasant. This will be the eighth successive year of high-level farm production, and, of course, it can only continue that way with proper use of fertilizers and orderly rotation, accompanied by vigorous agricultural methods.

Primary receipts of wheat today amounted to 387,000 bu; this compared with 439,000 bu last week, and 1,061,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 816,000 bu. When the wheat visible is posted on Monday it will compare with last year's decrease of 2,601,000 bu.

Markets were not particularly active today, despite the large flour business, and it looked as though brokers with northwest elevator connections were sellers of May wheat in this market. Possibly this is the beginning of a little freer movement from the country. The new-crop positions were not particularly weak; in fact, most of the pressure was on May, which is not what had been expected, but very likely due to the poor response to government flour buying some longs liquidated, giving us a reasonably weak close.

Corn and oats were down at times, probably in sympathy with weakness in the leading cereal, but there was likewise short covering, and for this reason a fairly steady close.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 15, 1948.

Toward the end of last week, the government announced that it had purchased about 10.2 million bu flour in wheat equivalent, and that about 12.8 million bu had been offered by the various milling concerns. This we believe was in addition to the smaller business put through earlier in the week. As they put it, the relatively large current flour purchases were accomplished without unduly disturbing the market; therefore, CCC felt that prices had stabilized sufficiently to permit the resumption of wheat purchases for export. The Agricultural Department was, therefore, trying to buy about a million bu wheat a day for quick delivery in order to take care of April commitments, and might likewise also take some additional purchases for May or later delivery. All this business was to be handled through the Regional CCC Offices, and acceptances would be allowed on a daily basis among the firms offering grain to these field offices in the hour between 11 and 12 A.M., Central Standard Time. We have no way of knowing how they came out on the first day's business, but rather suspect that quantities purchased were small. Some industries that probably did not hedge their grain may have offered at prices under current levels, but we believe most of the elevator concerns had to allow a cent or two for possible loss in covering hedges, and it is our understanding that most of the wheat offered on Saturday was rejected. It is claimed, although not confirmed, that the government's program of operation proved unsatisfactory, and that, therefore, a decision had been reached to make the necessary adjustments for the free participation by the trade and that this change might occur tomorrow.

In view of the fact that world shipments of wheat and flour have been so very large during the past two years when European crops turned out poorly, we think it is timely to call to the attention of the trade how these world shipments averaged in prewar days, particularly since it seems possible that Europe may have a crop of 250 million bu more than last season. The 1947 European wheat harvest was extremely poor, and probably half a billion bu less than before the war. There are great economies being practiced now, and many countries abroad are still under some form of rationing. Consequently, even with an increased population in Europe we are convinced that shipments of 800 or 900 million bu will not keep up forever. For a series of year they amounted to the following:

Year	WORLD SHIPMENTS WHEAT & FLOUR
1937-38	511,912,000 bu
1936-37	595,384,000
1935-36	496,752,000
1934-35	533,112,000
1933-34	523,608,000

Since August 1st, total shipments of wheat and flour from the four major exporting countries: namely, Canada, the United States, Argentina, and Australia, amounted to 463 million bu compared with 387 million bu last year. Canada was the only country shipping less, the decrease amounting to 8 million bu; all other exporting nations furnished more. These statistics carry through to March 4th, and are, therefore, practically up to date.

The BAE gives some rather interesting figures showing that during the first quarter of 1948, farmers in the U. S. are expected to receive around $6.4 million from farm marketings, which is 6% more than in the first three months of 1947. This is more than the farmers received during some of the depression years, and suggests that 1948 will again be a very prosperous one for producers.

When our market opened this morning, there was a slight reaction owing to the fact that advances Saturday had been rapid, and apparently there were no hedges of consequence taken out of the market today. However, corn prices firmed up quickly on the possibility that the packers' strike would become effective at midnight, which in turn meant that hogs would start backing up, and those which ordinarily would be slaughtered might have to be fed for an indefinite time.

With small primary receipts during the week, the wheat visible showed a big decrease, amounting to 4.7 million bu. Total stocks are now 67 1/4 million bu, which is 36 million bu more than last year. The corn visible likewise showed a healthy decrease of 2 1/2 million bu; total stocks of 15.3 million bu are 20 3/4 million bu less than a year ago. The oat visible decreased 907,000 bu leaving only 3.6 million bu in the total supply --a slight reduction from 1947.

It remains to be seen whether the President will intervene on the threatened stockyards strike. A settlement would probably be construed

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 16, 1948.

There is considerable speculation as to what the President will discuss before the Congress tomorrow, but very likely it will have to do with national defense or possibly compulsory military training for our youth, changed by world events during the past few months. The stock market during the period of waiting showed a reactionary tendency and it was difficult to tell ahead of time whether we would get a higher or a lower opening in the grain market, as there doesn't seem to be terribly much at the moment to guide it. Unfortunately, the packers' strike could not be averted, and temporarily this will undoubtedly require the feeding of more animals, which otherwise might have been slaughtered. It was remembered that yesterday wheat prices had been rather firm in sympathy with the higher corn market, but owing to the fact that so few hedges were taken out of the pit, there was finally some selling, which found the market poorly supported. It seems that new buyers are not very abundant nor aggressive, particularly with the crop outlook fairly well maintained, and not too much can be said about the future until we get a period of growing weather. The season is somewhat late, but no great apprehension is felt yet.

In Europe comparisons are being made with last year's poor harvest, which amounted to 1,015 million bu. The year before it was 1,310 million bu, and this compared with a prewar average of 1,588 million bu. Strangely enough, average yields of wheat in Europe run pretty high, even though the ground has been tilled for centuries. These yields are generally in the neighborhood of 20 bu to the acre, but when there is a decline, such as occurred last year and only 15 3/4 bu was harvested, we had the poor crop. For example, in 1946, also a postwar year, when not too much fertilizer was available, Europe averaged about 19 1/2 bu to the acre. So at least there is the possibility of getting a fairly good yield this season, in view of the fact that moisture conditions have been satisfactory, and the amount of winter killing will probably not be excessive, as they had pretty mild temperatures on the whole. Thus it seems reasonable to expect that we might have a crop running between 1,310 and 1,588 million bu, which would certainly be an appreciable gain over last year, and would lessen the strain on the exporting countries. Moreover, we must not lose sight of the fact that a record production in Australia will be of some help this season, and that country is expected to ship pretty close to 150 million bu.

It is still an open question as to how much wheat will be fed to livestock on farms, particularly in view of the reduced corn production. It will not be long before we finish a crop-year when nearly one-third of the total wheat supply of the country has either been purchased or shipped for export. This total figure is even more than it indicates at first, because it takes into account the wheat which never leaves the farm but is used for seed, feed, and carryover, and thus the actual governmental purchases have been very large in relation to the amount that actually moved to markets.

Primary receipts of wheat today amounted to 502,000 bu compared with 553,000 bu last week, and 1,681,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 45,000 bu.

The CCC changed its method of doing business, and apparently is considering offers between 11:00 A.M. and 12:00 noon each day, Central Standard Time. They are buying wheat for Gulf position at a price of about 15¢ over Chicago May, but apparently not willing to follow the market on bulges. It looks very much from pit transactions as though they must have bought substantial quantities today, but the difficulties which we hear are that it is hard to make telephone contacts with some of these regional offices, as the country apparently is more in a selling mood, and sometimes it takes 10 to 20 minutes to reach this agency, which, of course, makes business rather cumbersome to transact. We doubt whether hedges were covered on all the wheat which was sold, and marketwise, it did not seem to have too much effect. As a matter of fact, May wheat did not even gain much ground on the deferred months, even with the purchases which were made in the nearby delivery.

Corn and oats were reasonably firm, and there was no particular feature; in fact, volume was somewhat smaller.

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CHICAGO, March 17, 1948.

We have a rather peculiar situation in wheat, with producers still holding the bulk of supplies in this country, and apparently not too anxious to sell at a time when the government is in the market for wheat and flour. Last week when about 11 million bu flour in wheat equivalent was sold to PMA, there was very little pressure from the country, but still prices did not advance much, as a good many mills needed grinding time, and were willing to make some sacrifices. With the domestic demand so poor they probably had sufficient supplies on hand to take care of moderate export sales, but in wheat the situation is somewhat different, as outside of some of the cooperatives in the country, there are not many people carrying very large wheat stocks. This is quite understandable for the reason that with inverse carrying charges there is no particular incentive to take chances with present premiums for cash wheat giving holders some concern. Nevertheless, if the country does not sell much more freely during the period that CCC buys its wheat, we might have firm markets for the time being, but this situation could easily be reversed when the government business has been completed, and if later country offerings should enlarge. There was some evidence this morning that farmers in Texas were a little more eager to sell, and judging from our own transactions, this is the first time that there has been some disposition to market on a slightly heavier scale.

As we view the exports of all grains since July 1st, we find that enormous business has taken place, but by the same token, there should not be much difficulty in completing the program during the remaining four months of the crop-season to maintain the goals originally established. We tabulate below figures, including shipments of wheat, wheat flour, corn, corn grits and meal, barley, malt, oats, oatmeal, grain sorghums, rye, and for 1947-48 only, cornstarch and flour:

	1947-48 Bu of Grain	1946-47 Bu. of Grain
July	76,352,000	34,860,000
August	64,584,000	31,081,000
September	53,868,000	28,133,000
October	46,482,000	15,280,000
November	42,237,000	33,990,000
December	45,095,000	53,705,000
January	49,203,000	51,542,000
February	39,651,000	54,849,000
TOTAL --	417,472,000	303,440,000

From the above it will be seen that our shipments during the current season have been 114 million bu greater than the season earlier, despite the fact that we had a short corn crop.

Primary receipts of wheat are running a little better now, and today amounted to 563,000 bu compared with 273,000 bu last week, and 929,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 427,000 bu.

At about mid-session the President addressed the Congress, calling attention to the critical events in Europe, and said that he hoped to achieve peace. He recommended universal military training while Communism persists, and suggested that we take all urgent steps toward preserving the peace and preventing war. He made it clear that Russian aggression was the reason for his military recommendation, calling attention to the fact that that country had violated all wartime and peacetime agreements.

In view of the fact that his comments had been somewhat anticipated it had very little effect upon the grain market, although at times cereals showed a rather firm undertone, possibly in sympathy with the higher stock market, but also on the theory that government purchases would take a considerable number of hedges out of the pit. About noon it was announced that the CCC yesterday had bought 1,370,000 bu of wheat at its Chicago, Kansas City, and Minneapolis regional offices, and we dare say that a fair volume was put through again today. The CCC is only open for business between 11 A.M. and 12 noon each day for the acceptance of offers, and when the trade learned the ease with which government was making its purchases there were some rather sharp reactions, and this spread also to other pits.

There is nothing particular in the weather news, except that the season is late.

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CHICAGO, 4 March 18, 1948.

Within the next few months trade will be confronted with new horizons, and while crop developments in this country will assume greater importance, conditions in Europe will also be closely watched, as this will be an index as to what the requirements for shipment may be during the coming season. Probably no more can be said about European prospects than at any other time in March, except that the winter was comparatively mild, although toward the end of February there had been a cold spell. Fortunately, the frosts were accompanied by moderate or heavy falls of snow, and observers doubted very much whether any serious injury to crops had been sustained. However, growth was pretty well advanced. The plants were a little more susceptible to damage, and as Broomhall expresses it, it will be a relief, after growing weather sets in, to receive confirmatory reports that no severe winter killing had occurred. Before the arrival of this cold spell, very encouraging reports were coming from Rumania, Bulgaria, Italy, France, and Germany.

In France, seeding went on through December and January, and a large acreage was reported planted, which is certainly an optimistic statement, as compared with the condition that prevailed a year ago. It is rather difficult to figure out Russia, for the reason that even with a large harvest last summer, it had been gathered from a relatively small acreage, and one would have thought that the Soviet authorities would have beenanxious to build up reserves at home against the possibility of future poor harvests. But this was not the case, and apparently her exports were dominated by political as well as economic aspects. A large proportion of her grain went to the communist-controlled countries on the border, although in some instances contracts were not always promptly met. Again referring to Broomhall, he pointed out that the slow arrival of Czechoslovakian purchases of grain from the Soviets had some bearing on the political crisis in that country at least for a time. It is apparent, therefore, that we must not overlook the Russian contributions, particularly in view of the fact that even if the crops this summer should be somewhat smaller, the government's policy of requisitioning Balkan grain on reparation account may add to the shipments from that area to some of the deficient sections of Soviet interests.

We are getting rather optimistic reports from many of the Southwest States, and the Rock Island Railroad report forecasts the 1948 Kansas winter wheat crop at 180 million bu. This compares with the government's forecast of 159 million bu last December, and is indicative of the fact that fine moisture during the winter months has been extremely beneficial. The same study is favorable on the outcome of the Oklahoma wheat crop, indicating yields of 102 million bu, which is almost as large as last year, and would compare with the last official estimate of 83 million bu. The Texas crop is estimated by this railroad at 50 to 65 million, whereas the fall estimate was for only 42 million bu, although last year's production had risen to 124 million. They give Nebraska 70 to 75 million vs. 62 million official, and a 1947 yield of 89 million bu. The Missouri estimate is about the same as last December, which was 30 million, and compares with 24 million a year ago. Thus it can be seen that with normal weather from now on, we may still have close to a billion-bushel winter wheat crop, with the possibility that requirements from abroad may be less.

Primary receipts were somewhat smaller and amounted to 395,000 bu compared with 321,000 bu last week, and 1,163,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 707,000 bu.

The CCC announced their purchases in the three eastern regional offices yesterday as 1,059,000 bu, confirming the belief that yesterday's purchases were made with ease. Even though country purchases had diminished greatly from yesterday, it seemed that CCC bought their wheat with greater ease, and in the southwestern market they withdrew before the full hour's activity. During this time there was no particular trade in wheat futures, so it may have been that sellers did not need to use our market in their activities. It is likely that the purchases again equalled the million bu quota, because we understand that CCC at the end of their buying period were not interested in the nearby positions. We gather that they want only a limited amount for a later position, and at a reduction in the cash basis over the Chicago future. Corn was weak, but there was no particular reason back of it. Moderate hog marketings still seem possible, although many of the packing plants are not operating. Country corn selling has not picked up, and some corn has found its way from the Northwest and from Chicago to [illegible] direct from the corn belt.

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CHICAGO, 4 March 19, 1948.

Wheat prices were sufficiently higher than the loan through most of the crop season, during which period farmers could avail themselves of the government's generosity, so that not very much was impounded. Loans completed up to February 29th had amounted to 31 million bu, but 13.7 million bu was repaid, so that on March 1st, there was still only 17.3 million bu wheat tied up. Thus, it is safe to say that the bulk of the grain now on hand or held back on farms consists of free wheat, and we do not have to worry about a large part of it being sterile, as was the case in those years when impoundings had been heavier and when the redemptions were small. The coming year may be different for several reasons. First of all, unless parity breaks sharply, we shall probably have the highest loan in the history of the country, and offering farmers a 90% of parity contrac t, which he may either repay or permit to default, may give us quite a different situation during the 1948-49 crop-year.

There are several reasons, of course, for making this statement. To begin with we may well expect that European crops will turn out much better than last season, and recently some figures were submitted showing that the average yield per acre was still quite high in Continental countries, despite lack of fertilizer and proper machinery, except on such an occasion as last summer when apparently everything went wrong with crops, and weather was bad from start to finish. We are quite aware of the fact that the population in Europe is about 6% greater than prewar, and we also recognize that the population of the earth, despite the loss of manpower during the war, has increased by 240 million persons during the past ten years. This means many more mouths to feed, but yet the majority of the European countries are still under some form of rationing, and the diet is kept far below desired standards. Furthermore there is the hope that Canada will raise a better crop this coming summer, with possibly some increase in the acreage. Southern Hemisphere is furnishing larger amounts for the deficiency nations than was the case a year ago, so that all in all, demands are not quite as tense as had been believed possible six months ago.

Despite this fact Representative Hope of Kansas is sponsoring a Bill, which in effect would permit larger exports from the U. S. between now and June 30th by revoking the mandate that 150 million bu wheat be carried into the next crop. It is a little difficult to formulate definite figures in this connection, as we still have one factor that will vary according to price relationships and to feeding demands. By this we refer to the amount of wheat that will be fed to livestock, although it begins to look as though total consumption for the year may not exceed 175 to 200 million bu, even granting that very much larger quantities were thus used in the latter half of the season than the 65 million bu that had been fed from July 1, 1947 to the end of the calendar year.

Overnight weather showed beneficial rains in the Central States and reasonably heavy moisture Southwest, although becoming lighter in the western areas. In view of the fact that the season is somewhat late, a period of clear, dry, warm, sunshiny days would now be more than welcome.

Primary receipts of wheat amounted to 535,000 bu compared with 387,000 bu last week, and 1,335,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,632,000 bu. When the visible supply is posted on Monday there will probably be a greater decrease than last year when the shrinkage amounted to nearly 2 million bu.

At about 11:00 our time it was announced that the CCC had purchased a total of 1,670,000 bu of wheat yesterday, and the moment they were open for business this morning they seemed to be swamped with offerings from every part of the Southwest. This governmental agency bought wheat for shipment both during March and for shipment by April 30th. The discount for April 30th shipment was 2 1/2¢ under prompt loadings. Today's offerings are believed to have run into several million bu , and we shall not know until tomorrow how much has actually been accepted.

Sentiment is quite bearish on wheat for the reason that the trade is so willing to sell, and it is figured that possibly another 6 or 7 days will wind up the purchasing program at least for the time being. The effect, however, was mostly in depressing prices of May wheat, which lost ground again on the deferred months. Cash premiums eased further in spite of government business. Corn was slightly lower in sympathy with the weakness in wheat, but bookings from the country were next to nothing.

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CHICAGO, 4 March 22, 1948.

After the close of the market last Friday, the government issued a report on prospective plantings for 1948, pointing out as they have in the past that these were interpretations of reports from farmers, and were based on past relationships. So we presume that there are apt to be some changes, depending upon weather conditions during the next thirty to sixty days. However, producers expect to plant a larger total acreage of the principal crops than in any of the past three seasons if spring weather permits. Up to the middle of March, spring had been slow in arriving, and the season was undoubtedly late, particularly in parts of the South were preparatory work had been delayed. Despite this fact, growers are planning to increase the total acreage of feed grains over those that they were able to plant last year in order to relieve the current feed shortage.

Still BAE points out that the acreage devoted to corn will be a trifle over 86 million, or about the same as last year which seems a little difficult to explain as a year ago weather was very unfavorable, and farmers had difficulty getting their corn into the ground. We would, therefore, have guessed that the acreage might have been nearer the average, which from 1937 to 1946 amounted to 91,696,000 acres. It was also claimed there will be a slight decrease in spring wheat plantings, but together with the amount already sown to winter wheat, the total acreage will be 78.4 million acres vs. 77.9 million planted for harvest last year. There is always difficulty, of course, at this early stage, to try to come to conclusions on yields but taking moisture and other factors into the reckoning, the government forecasts the possibility of 272 million bu spring wheat on basis of 1937-46 average; therefore, a total crop of 1,110 million bu using last December's winter wheat estimate of 839 million bu. Of course, some of the private authorities are more hopeful on this score, and today the Kansas Elevator Company, while giving no figures, stated that while all hopes of one of those record crops is completely out of the picture with respect to winter wheat, a normal crop is more probable. This statement had to do with Kansas, a state in which 14 million acres is in prospect for harvest. Mr.Robinson points out that a few bushels per acre either one way or the other makes a considerable change in the final results.

On basis of the U. S. corn acreage, it is hardly fair to count on more than approximately 3 billion bu for next summer unless finally larger areas are planted, but even such a production would be more than a fifth larger than last year and 5% more than the 1937-46 average.

There was very little news before our market opened except that country offerings had not been heavy, and this referred also to Texas, where during the latter part of last week the country had been more inclined to sell. Consequently, there was not much pressure here, and after early weakness a little better buying developed.

Broomhall reported that France may raise a wheat crop ranging from 296 to 312 million bu, which would compare with last year's estimates ranging between 117 and 150 million bu. The year before the outturn was 251 million, and the prewar average was 289 million bu. It is conceivable, therefore, that France may be self-sufficient after the next crop and might even have a small surplus, as she did during some prewar years. Generally speaking, favorable crop news continues to come from Europe, but again Broomhall points out that the larger population will be offset by rationing, and the use of substitutes for wheat so that the demand for overseas supplies should be less important after July. There were rains recently in Eastern Germany, the Scandinavian countries, Holland and France, as well as in Britain.

When the visible supply figures were published there were decreases in all grains, heaviest in wheat, with a decline of 5.3 million bu reducing the total stock to 61.8 million bu compared with 29.1 million last year. Corn decreased heavily, 1.8 million, with total stocks 13.4 million bu vs. 36.2 million a year ago. The oat visible decreased 419,000 bu, which reduces the total to 3 1/4 million, a reduction of 379,000 bu from the previous year. There is now less than 1 1/2 million bu of wheat in Chicago, 4 1/4 million bu corn,but hardly any oats or rye.

Today's market showed a little better undertone, with corn leading, and bookings from the country still light. There was not much wheat offered from producers, and this was true in all parts of the Southwest. However, Kansas City reported that more storage wheat was being offered today, and that this selling no doubt was responsible for weakness in the cash basis. Premiums were as much as 3¢ per bu lower,

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CHICAGO, 4 March 23, 1948

The main factor in the wheat market is, of course, the question of exports, and had it not been for the vast shipments that are being made during this cropyear, we would have had a tremendous surplus, despite a holding tendency on part of farmers. Never before has any other country shipped from 450 to 500 million bu wheat during a similar period, nor have we ever accomplished that prior to this time. It now becomes extremely interesting and important from a domestic point of view as to whether we shall stretch the goal to the outside figure, which would correspondingly reduce our carryover reserve on July 1, 1948. There are indications that because of the good prospects for the crop at home, the government may do this, and accordingly, one has to be prepared to revise his thoughts on the relationship between May wheat and the new-crop futures. As for the rest of the world, we find that with the exception of Canada, other exporters have shipped more since last August than they did a year ago, and through March 11th, there has been 503.8 million bu wheat and flour exported from the United States, Canada, Argentina, and Australia compared with 402.8 million bu last year, or an increase of 101 million bu. According to Sanford Evans, there is still available for export and carryover 782 million bu wheat in these four countries at the present time, and, therefore, it looks as though we were gradually building up slightly better surpluses when we look at the carryover reserves of 285 to 290 million bu for the last few years, taking the August 1st period for the basis of world computation. In other words, it seems less likely that a total of 500 million bu will be placed through exporting channels between now and next August. Therefore, we have reason to believe that the adjustment between supply and demand will become less strained as time goes on. This likewise will be influenced by European crops, which promise to be considerably larger than last year, although some revision in the European diet is likely to take place if harvests turn out well, as obviously it is difficult for people to work unless they become better fed.

There was very little news to influence our market, as the weather generally was satisfactory. Temperatures were higher but had not risen quiet as much as had been forecast. It was mostly clear in the Southwest, although some rains visited the Ohio River Valley, and apparently there is a further delay now in accomplishing spring work, with the result that the oats crop will probably be quite late. There had been considerable short-covering yesterday on the theory that government purchases were larger than at first scheduled, and this was borne out today when purchases for two days were given for the Kansas City CCC Office. It seems they purchased 2.6 million bu for the period, ending noon Monday, and some people believe they may stockpile more than is needed for immediate requirements if they find it easy to acquire larger quantities at the present time. Purchases through the Chicago and Minneapolis regional offices are rather small but, of course, this is to be expected. Farmers are still not selling much wheat. Therefore, a continuation of the buying program might tighten the nearby position unless producers feel inclined to sell on a more liberal scale.

Primary receipts of wheat amounted to 788,000 bu. This compared with 502,000 bu last week, and 1,756,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 85,000 bu.

There was no particular feature to the market today although we believe that the CCC must have purchased its quota in the Southwest without difficulty. Between 11:00 and 12:00 o'clock, there were a fair number of hedges removed and in addition to this it also looked as though the milling trade had improved. Some of the smaller chains booked sizeable quantities overnight which gave some support to the market. On the whole, however, the flour buying is mostly from hand-to-mouth. The country selling is still very slow and this refers both to wheat and to corn. There were some reactions from time to time but the declines did not extend far and the close showed moderate firmness.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 24, 1948.

Farmers are still not in a selling mood, although it is possible to buy wheat in the country through intermediate sources without much difficulty. Thus the government program continues day after day, and so far has not had too much market influence. It may be that some in the trade who have sold to the government are cash wheat short, but on the whole, this is not too important since the bulk of the business is for shipment by the end of March. Consequently, we believe that with the large quantities of grain still left in the country, even a moderate amount of selling here and there adds up, so that in the aggregate there seems to be a reasonably fair movement. As we size up the situation the total crop last summer amounted to 1,365 million bu. The carryover reserve was 83 million bu, making total supplies in the country 1,448 million bu.

Coming now to the disappearance, we may conservatively say that the amount of wheat needed for bread and cereals should not exceed 510 million bu, the amount necessary for seed 87 million bu, the amount for export surely not over 500 million bu even if the increased goal is met. The last item, which is feed, we figure conservatively at 200 million bu. This is based on the figure of 65 million bu wheat that was fed during the first six months of the crop-year, and it is not likely during the last half of the season that more than 135 million bu will have been consumed. Thus total domestic consumption plus exports would amount to 1,297 million bu, and subtracting this from total supplies on hand July 1, 1947, would leave us with a reserve next July of 151 million bu. There is no assurance yet that our exports will be increased as much as above stated, but in any case we are practically assured now of a fairly good reserve stock at the end of the season, and surely more than last year, unless we are completely incorrect in our estimate of the amount that has been fed. Against this we must realize that the farmer may not sell his wheat too freely even if present crop prospects are maintained. He carried his grain up to the $3 level and back again, and now seems rather certain of his position because present prices are not too far from the probable new-crop loan price. Therefore, if the government buying should continue every day without being offset by an equal quantity of farmer selling, it might temporarily give us a rather tight situation, especially for the May wheat delivery. In the final analysis, we believe that there will be enough wheat remaining in the country to prevent extremely high prices, but the big question still is the attitude of producers. Much will depend on the volume of sales that take place between now and harvest.

The crop reports from Europe issued by Broomhall are mostly favorable. In the United Kingdom beneficial rains occurred, while in France an excellent promise is maintained, and the recent rains were helpful. Some officials believe that the need for imports into France during the coming season may be eliminated. Italy has had very little rain, but up to now few complaints. Elsewhere on the Continent the tenor of the news is about the same, while in Russia spring sowings are progressing satisfactorily.

Primary receipts of wheat were again light, and amounted to only 394,000 bu compared with 563,000 bu last week, and 987,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a total decrease of 466,000 bu.

We believe that the trade generally was lighter in all pits today. The CCC purchases in the Southwest yesterday amounted to about 1,300,000 bu, but we doubt whether the volume today equalled that quantity because the futures market was firm, and the government apparently was not disposed to follow advances. There is a slight improvement in the domestic milling demand; some of the larger buyers, chain grocers, and bakers are taking flour, but the quantities are not big, and most of the business is limited to nearby shipment. In any case, May wheat was fairly strong today, and gained somewhat on the new-crop futures. Country offerings continue light, and cash wheat in Texas is a shade firmer.

There was no special feature to corn, but at no time did declines extend far. However, in oats, the market was indifferent, although there was no special selling noted, and there seems to be some report of possible Canadian exportations, but nothing official to substantiate that the embargo up there on shipments may be relaxed.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 March 25, 1948

There was nothing very much in the overnight news, but it becomes ore apparent with improved weather that farmers will be busy in the ields, and may pay less attention to hauling their grain to market. he fact that so little has been sold recently is likewise indicative hat if there had been a desire to liquidate remaining supplies this ight have been accomplished earlier when there was more time for the auling of grain. We recognize that the condition of the roads may ave had something to do with this, but we also feel that the farmer as sufficient money so that he does not feel compelled to market his rain except when the price suits him. We are asked quite often what ill happen when new wheat is available after the next harvest, and, f course, the answer is quite obvious that there is bound to be more ressure then, although if the price should be too low, very likely arge quantities will be impounded. We shall have a new parity figure nd the trade is anxiously waiting to see whether there will be some mprovement from last month's decline. Of course, three months will ntervene before we have the June 30th figure on which the loan is cal- ulated, but economists are forecasting that probably no great changes re in sight, at least for this short period.

Of greatest importance to the market is the CCC buying each day, nd chances are that more than 10 million bu has been acquired since he new program started a week or ten days ago. Possibly this is suf- icient to take care of immediate needs, but we are inclined to feel hat the program will embrace a much larger scope, and should not be urprised if the same buying operations were continued for some time o come, either to build up a stockpile or with the view of increasing ater on the export goal. On basis of the amount of wheat left back n the country, this should not give us any great concern, except for he fact that the holding tendency of producers might temporarily create certain amount of tightness in the market, and thus it makes it dif- icult to have very strong convictions at this time.

Washington reports that the government may submit the Internation- l Wheat Agreement for Congressional consideration by mid-April. If dopted it would go into effect August 1, 1948. Marketwise it would ave very little effect during the period when we are called upon to urnish so much grain to the importing world. However, it would proba- ly be necessary to subsidize exports, and if these subsidies are paid ut for wheat, it might be asked why they were not available to produ- ers of other commodities and to consumers generally within the domes- ic economy. With Argentina and Russia not willing to become parties o the agreement, it is doubtful whether we could exclude those nations rom a share in the world market, and any shading of prices by them ould naturally embarrass those who are trying to carry out the pro- osals set forth in the agreement. Of course, it would also require he approval of the governments of all major signatory nations; there- ore, considerable doubt still exists as to whether the plan will be ade operative.

Primary receipts of wheat were a little bit larger and amounted o 610,000 bu. This compared with 395,000 last week and 1,112,000 ast year. Kansas City and Minneapolis stocks so far this week show total decrease of 755,000 bu. When the visible supply is posted ext Monday, there is bound to be a much larger shrinkage than last ear when the decrease was 646,000 bu.

Markets were rather firm right from the start although the de- erred months lagged and the main buying came in the May delivery. he CCC bought only about 800,000 bu wheat in the Southwest yesterday ut we judge that today's transactions were larger and the fact that hey were willing to follow advances gave some encouragement to those n the constructive side of the market. The spread between May and uly widened about 5¢ from the narrow point last week.

Oats were a little hesitant although Broomhall does not believe hat the Canadian government will relax the embargo on export shipments o the United States. Corn premiums held firmly in Chicago but were onsiderably weaker Southwest.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX
CHICAGO MERCANTILE EX.

CHICAGO, 4 March 29, 1948

There was no special news over the week-end. Weather was mostly clear and temperatures in the Southwest are somewhat warmer, which, of course, is desirable as the season is late, and we need some higher temperatures now in order to catch up. There are a few complaints here and there that the late seeded wheat looks fairly good, but is terribly backward, although on the other hand abandonment will probably be less than had been expected, and heavy snows during the cold period protected the wheat plant during the severe weather. Nobody is venturing very far in trying to forecast yields per acre, but it seems to be the consensus that recent figures given out by the Rock Island Railroad are about in line, and very likely there has been some improvement since the December forecasts were officially published.

There is still not much change in the farmers' attitude, and marketings on the whole are quite light, although here and there we find a little more wheat coming to market. We still feel rather definitely that after a few weeks of good growing weather, there may be more pressure than at present. Farmers are probably more contented here than in any other country. Even the recent increase in the price of wheat in Canada was not hailed with too much enthusiasm, and we understand that recently a protest was sent to Prime Minister MacKenzie King that the present restricted markets for wheat had cost farmers in that country a fortune. They point out that where there is free trading, as in Chicago, the farmer is better protected, and when crop damage occurs, it brings a higher price, and that even when there are heavy yields which result in a lower price, there are heavier sales; thus the total income is maintained. Great Britain has contracted to take 140 million bu wheat and flour from Canada next season on basis of $2 Ft. William. All signs in Canada point to a crop of at least 400 million bu based on average moisture and other conditions. Therefore, there may be some surplus for other countries, which was hardly possible during the current season, as a yield of 340 million bu was just about enough to take care of British requirements in addition to domestic consumption. As a matter of fact, since last August Canada has shipped only about 121 million bu wheat and flour, a reduction of 9 million bu from last year, and it is figured that at present about 153 million bu wheat remains in that country for export or next carryover. Consequently, Canada will probably have as big a reserve stock as last year, despite smaller production. This seems like a large supply with only 12 million people in the country, and we saw no reason for Canada's carrying over as much wheat as the United States last August when requirements from Europe were at that time so urgent.

Primary receipts of wheat were a little larger, and amounted to 1,036,000 bu. This compared with 941,000 bu last week and 1,990,000 bu last year. When the visible supply of wheat was posted, there was another sharp decrease amounting to over 5 million bu. Total stocks in all positions are down to 56 3/4 million bu, compared with 28 1/2 million bu a year ago. There was a sharp decrease also in the Chicago stocks, and this leaves only 879,000 bu here, which is certainly not much for the largest grain market in the world, and, therefore, brings up the question as to whether we shall have any further accumulations between now and delivery time. Chicago corn stocks also decreased 794,000 bu, leaving 3 1/2 million bu here. The total for the country is only 11 million bu, or 23 1/4 million bu smaller than total stocks on hand last year. Shrinkages were reported all along the line, and the oats visible for the United States decreased 262,000 bu, leaving all stocks somewhat under 3 million bu vs. about 5 1/4 million bu a year ago.

Markets were not overly active, and at times there were some recessions, but we doubt whether CCC bought very much today. This was the second session where it was reported that prices were a little too high, but possibly this agency is waiting now to give PMA a chance to accumulate some flour. Considering, however, that there was no support, prices seemed to recover quite readily from reactions, although at the close some losses were established. Bookings of corn were just a shade better, but there is no general selling from the country, and we doubt whether this will occur because as soon as weather permits farmers will be busy in the fields.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 30, 1948

After the close of the market last night, new parity figures were published, and for wheat there was a reduction of 1¢ per bu, making the price $2.18 on the farm. Trying to compute the loan as of this date on basis of 90% of parity, which presumably will be done the same as last year, it would mean a wheat loan of $1.96 per bu on the farm, and adding the various charges, including increased freight, it would be about $2.23 at Chicago. Of course, there could be further reductions in parity between now and June 30th, and if so, this will be reflected in the final loan figure. On the other hand if the changes are unimportant, it is quite evident that the new-crop futures are not selling much higher now than the probable loan, and, therefore, it is difficult to anticipate any serious declines unless the crop should turn out considerably better than is now indicated.

Weather seems reasonably satisfactory, although there are some high winds in parts of the Southwest. Temperatures will probably be higher today but lower tomorrow, and we shall have to have a few weeks of growing weather before an accurate determination can be made as to crop conditions. One thing can be said now: namely, that the crop everywhere is late, although some of this may be overcome if we have warmth and sunshine during the next few weeks. The five-day outlook is for average temperatures, probably 3 to 6 degrees above the normal, including western Texas. Here in the Central States some moisture is forecast and this is not particularly beneficial as field work is behind schedule and we are afraid there may be some delays now in getting the oat crop seeded.

Just about as our market opened, it was announced that PMA had accepted some flour at the seaboard. On the whole purchases were not particularly heavy, and little market effect was noted. Undoubtedly some May wheat futures are being lifted from time to time as either flour or wheat sales are made to governmental agencies, although the open interest is liquidating rather slowly, and finally much will depend on the attitude of farmers in disposing of their old-crop wheat.

According to the Wall Street Journal, the Department of Agriculture is now figuring that only about 190 million bu wheat will be used for livestock feeding, and this is more in line with our own estimate based on 65 million bu that had been fed during the first half of the year, and the moderate quantities that have gone into that consumption since the first of January. We likewise stated that if feeding operations were maintained at about the 200 million bu limit, we could probably increase our exports to 500 million bu and still have a carryover reserve of approximately 150 million bu on July 1st. It is now believed possible that the Cabinet Food Committee may raise the export goal to at least 475 million bu, and the chances are that their reasoning is much the same as ours, and in fact, we hear that the goal of 500 million bu may be reached if European conditions warrant larger shipments and if the statistics at home remain favorable, both with respect to the old-crop position and also to the maintenance of crop prospects for the next harvest.

Primary receipts of wheat today amounted to 714,000 bu. This compared with 788,000 bu last week and 1,744,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 20,000 bu.

Markets were without particular trend today and at 11:00 o'clock, when the CCC came into the market to buy some wheat, there were hedges covered but the volume did not appear particularly large although it is generally surmised that the business may still have been substantial owing to the fact that grain may have been sold from the country on a flat basis. However, at noon, when the government no longer was active, there were some recessions and it seems rather difficult for the trade to have very strong convictions because any increase in the selling from the country might be responsible for a reversal in the trend. There was nothing special either to influence the coarse grain markets except that advances and declines in wheat were followed by sympathetic movement in both corn and in oats. July oats were strong due to lateness of the season.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 March 31, 1948

There was no special news overnight. The demand for flour has slowed down considerably, and if it were not for the CCC buying right now we would unquestionably have lower markets. Some people feel that the mills are pretty well supplied, and will only have to purchase nominal quantities between now and next harvest. PMA is expected to make some purchases at the Gulf in the next few days but the flour business yesterday was of rather small proportions, possibly not over 1 1/4 million bu in wheat equivalent. For some time now CCC has been paying about 14¢ over Chicago May for wheat at the Gulf, but they stipulated that the receipts be delivered to them by March 31st. All deferred sales or where shipment was not made until April 30th or the receipts delivered over to them by that time, the price was 2 1/2¢ per bu lower on basis of the May delivery, or only 11 1/2¢ over Chicago May FOB Galveston. This was undoubtedly the reason for the very heavy business that took place yesterday when CCC purchased nearly 2 million bu wheat, and we expect that today's business will be considerably less for the reason that not many could take advantage of the March delivery phase of the contract involved, and by the same token we are told that most elevators will hesitate to discount the price 2 1/2¢ per bu for April delivery. So we should not be surprised if the business from now on were more restricted.

In any case today's decline in the market was discounted by the government, and they based their operations on a price of $2.42 1/2 for Chicago May wheat, which was 2¢ lower than yesterday. This is all very complicated when those who trade in futures have to base their operations on what the government may or may not do, and likewise the attitude of the farmer is playing an important role in our daily operation While the country offerings are light, there must have been considerable quantities sold recently on a flat basis, because there was not much evidence of heavy buying in the pits, and with the open interest in May wheat only 22 million bu, it is quite obvious that there is still a large percentage of grain in the country unhedged, and this is different from other years when we have good-sized stocks of grain in markets, and when most of it has been protected through hedging operations. A week or ten days ago, we had pointed out that of the public stocks of wheat in Kansas City about 60% was producer-owned wheat, and possibly some of this grain at terminal markets has been liquidated recently, which likewise makes it difficult to have very firm convictions on the immediate trend of the market.

Overnight weather was reasonably satisfactory, and one or two localities that had reported dust storms yesterday received snows, but there were still high winds in parts of the West, and it looks as though temperatures tonight would drop sharply, and we may have freezing temperatures not only Southwest, but also, in the Central States, although nothing very severe, as the plant has not progressed far enough to occasion concern.

We understand that a large part of CCC purchases yesterday were out of Hutchinson, and it will be interesting to follow the figures during the next couple of days to see if there is a reduction in these transactions with federal agencies.

European crops are progressing, and the French press is talking of the possibility of a 300 million-bu wheat crop this summer, which with some imports from North Africa could make that country independent of foreign imports.

Primary receipts of wheat were somewhat smaller at 401,000 bu compared with 394,000 bu last week and 988,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 425,000 bu.

It is rather difficult to say how much wheat was purchased today by CCC but the amounts may have been fairly large, as we understand that some of their purchases in Kansas City were at a price of 2¢ over Kansas City May for delivery by May 31st. This, of course, entails some buying of futures, but in spite of it the market was rather weak, and final prices showed declines from the previous session.

Corn seems to be debatable. The price of the May future is high. Feeding operations are slow but the country movement is not large and visible stocks are shrinking.

UHLMANN GRAIN CO.

DAILY MARKET REPORT

MERCHANTS GRAIN COMPANY

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DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
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MEMBERS:
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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 April 1, 1948

There was some disappointment in the trade a few days ago when the government accepted only 53.4 million lbs flour, which in wheat equivalent was 1 1/4 million bu, as it had been figured that much larger purchases would be made. A good many mills were likewise disappointed because a total of 464.9 million lbs had been offered, which is close to 10 1/2 million bu in wheat equivalent, and so the refusals were many times greater than the acceptances. Late yesterday, it was announced that PMA would be interested in making further purchases at the gulf, and possibly this had a little strengthening effect, although recent wheat purchases have had little influence marketwise. This has caused some discouragement for the reason that even when large transactions were reported, only nominal hedges seemed to be lifted. This can probably be explained by the fact that there is much more wheat in the country not hedged than would probably be the case ordinarily at this time of year. Under our system of parity and of loans and of supports, farmers are gradually getting into the habit of relying on this outside help, and the experience during the past few years has been very satisfactory because all along the line agricultural products have held firmly. Prices received by farmers are in most cases above parity, but whether this will always be the case remains to be seen if European agriculture shows more recovery. Under the law, hog prices must be supported at not less than 90% of parity through the calendar year 1948. Department officials do not anticipate that hog prices will decline to the support level during the period covered by the schedule.

Possibly this has something to do with the holding tendency with respect to corn. By the same token the holding tendency in wheat is probably due to the belief that the deferred futures are selling rather close to the probable loan price, and farmers reason that May wheat might not go very much lower, although it is our opinion that even with the increased export goal, we shall carry over 150 million bu wheat. With such a reserve nobody can be sure that the present premium for May will be maintained. Obviously, the farmers must realize that if they carry their wheat into the new crop, the premium basis will be lower and their only hope is that the general level will advance sufficiently to offset this. It could, of course, work out that way if we have crop scares later on or if the demands from Europe continue very large, but from reports that are coming to us through Broomhall and from others, we are inclined to feel that European production will be 200 to 300 million bu greater than last year. Thus it is almost assured that the demands from the surplus nations will be lessened, and our government is already taking this into account in making its calculations. Feed markets for the last week or ten days have been lagging, and with the approach of the pasturage season, the demand for corn is poor, but likewise the country bookings are small, so there seems very little pressure on the markets.

Primary receipts of wheat amounted to 645,000 bu. This compared with 610,000 bu last week and 1,294,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 801,000 bu.

Commodity Credit Corporation purchases were heavy yesterday and amounted to 1,788,000 bu at Kansas City, which is almost as heavy as at any time thus far. However, today when the market was firmer, they refused to follow the advance, and it looks to us as though no business had been put through or at least the volume was extremely light. It is thought possible that this afternoon export allocations may be announced for May, but no great surprises are expected inthat direction. Peculiarly enough, the market was stronger today with no support from the government than previously when purchases had been made, but this may be due to the fact that some flour business is expected shortly. In the meantime offerings from the country, while a little heavier, remain light. Temperatures in the Southwest did not fall as low as had been expected. There was a better undertone to coarse grains and May corn was quite strong. However, the feeding ratio is not very attractive. This week it is 9.2 at Chicago compared with 9.6 last week, and 14.1 a year ago.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 April 2, 1948

The Chicago Board of Trade is celebrating its 100th Anniversary tomorrow. This event will be heralded by people from all over the world as a tribute to free enterprise. The marketing machinery that has been built up over these many years has given confidence to the farmer to raise ever-increasing crops to feed our vast population. It has likewise assured the consumer of his daily bread. The Board of Trade has always upheld the highest ethics of business conduct in performing an indispensable public service to the people of the nation. We know that this market is the envy of the entire world wherever free people have faith and confidence in a system of free expression of democratic ideals

Before our market opened this morning there was very little to guide it, because nobody was quite sure as to how much flour business had been booked to PMA, and a week or so ago when the government was in the market, the volume was very disappointing because they took only about one-tenth as much as had been offered. This time they confined their purchases to gulf ports, which limited the trade to some extent because many of the Buffalo mills naturally could not compete, and others in the Northwest were in the same predicament. However, we understand that many of the industries require grinding time, and for that reason made their price attractive, but in a general way this is not having too much influence on the market, because it is now pretty well agreed that the domestic feeding of wheat will not amount to over 200 million bu, and that the amount required for food may not exceed 500 million bu. With 87 million bu needed for seed, we could still export 500 million bu and have a carryover reserve on July 1, 1948 of 161 million bu. On this basis it remains to be seen how much of the wheat will remain in farmers' hands when we come closer to the next harvest. Up to now there has been a holding tendency but apparently much will depend on the new crop prospects; therefore, we cannot come to an early determination until the season progresses further.

There is no special news from Europe but there has been unsettled weather in Great Britain and steady rains were reported in some sections so that prospects there, as well as on the Continent, are pretty well maintained. Harvesting has started in India and despite rust, which had been prevalent in many districts, especially around New Delhi, a fairly good crop is expected, and very likely imports during the next twelve months will be smaller than for the past season. In Australia the wheat is not grading as well as usual, and this may finally make some difference in the domestic consumption, However, the crop is so large th t this is not likely to be too much of a factor. For example, Western Australia, where the crop was estimated at 33.5 million bu, they are expecting substantially larger yields and the quality is excellent. Most of the surplus wheat and flour for export has already been sold.

While no official figures have been released as yet, it is reported that a large volume of flour business was accepted by the PMA for April shipments to the Gulf Ports. Some quarters believe that it is equivalent to 4 or 5 million bu wheat. It is also believed that the May export allocations will come out later today and that they will probably involve close to the same amount as in the past two or three months.

Primary receipts of wheat totaled 653,000 bu. There is no comparison against last week or a year ago due to holidays. So far this week, Kansas City and Minneapolis stocks show a net decrease of 1,071,000 bu and when the visible is posted on Monday, it will be compared with a decrease last year of 606,000 bu.

There are many visitors gathered in Chicago today to attend the Centennial, many of whom are from the winter wheat producing areas. The feeling seems to be general that weather is the all-important factor from now until harvest, that with proper weather conditions crop prospects can materially improve. The Five-Day Forecast for the Southwest suggests some scattered showers Saturday and Sunday; generally fair weather Monday and Tuesday, with rain beginning in the western portions on Wednesday although of light proportions. Temperatures will be nearly normal for the next few days with slightly below normal for the latter part of that period.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 April 5, 1948.

The main factor at the moment is the crop outlook, and up to this time we have not heard much concern expressed, although, of course, it has been known for some time that the winter wheat crop in many sections of the country had gotten off to a poor start. Whenever this happens there is always the question whether moisture during the winter will protect the seed and permit germination at a period later than usual. For this reason, with a somewhat high wind experienced in parts of the Southwest on Saturday, there was a little more apprehension than ordinarily would be the case, although the later reports have not been too serious, but possibly it is a little early yet to judge the future. One party wired us from Enid, Oklahoma, that the crop is terribly late, and that the alternate cold and warm days have not helped with high winds seeping moisture and blowing out the spindling plants. Due to this factor we are getting some rather low estimates on the yield from some sections, but this is not too general, and possibly a few weeks of good growing weather will bring in more optimism a little later on.

We asked our various offices to send in their reports, and for example, in Wichita Falls, Texas, the local people claim that nineteen counties in that section had better prospects than last year with the acreage slightly increased. We hear some estimates on the Kansas crop ranging as low as 125 million bu, but others still maintain that the Rock Island report issued some weeks ago of 180 million bu is still a possibility. So naturally, with this great variation one can never come to definite conclusions right now. One thing is certain: namely, that much will depend on weather conditions from this time forward. We are probably a little spoiled for the reason that last year there were hardly any crop scares, but we have to look further back only to remember that very few harvests were ever made perfect by early weather having been satisfactory in all respects. This is the reason that some allowance always has to be made for the percentage of winter kill, and for other deterrents, such as insect damage and other factors outside of weather, which have a final bearing on the size of the crop.

The CCC bought nothing Southwest in the period ending at noon Saturday and apparently at that time were not willing to follow the advance, although we understood that some business had been put through since, but in today's trade prices were again higher, and there seemed to be reluctance in following the u turn. On the other hand, we are cognizant of the fact that if Congress finally changes the law presently on the books with respect to carryover, we may finally export close to 500 million bu. This would mean that the government will have to make purchases from time to time, and their buying always has some value in supporting the price, not always at the moment when hedges are taken out, but at least there is some cumulative effect.

When the visible supply of wheat was posted, the decrease amounted to only 761,000 bu. Total stocks now are close to 56 million bu compared with 28 million bu last year. At Chicago there was a further shrinkage of 190,000 bu, leaving only 689,000 bu here. There was a substantial decrease in the total corn visible of 2,4 million bu, and all stocks are only 8 3/4 million bu, which is 26 million bu smaller than a year ago same date. The oat visible decreased nearly 1/2 million bu, but taking the country as a whole, there is only 2 1/2 million bu everywhere in visible positions, or about half as much as we had in 1947.

Prices were rather firm but when the CCC was indifferent in its buying operations at a time that wheat was fairly strong, buyers seemed to back away and we had some reactions. It was evident that the government would have made some purchases at the time May wheat stood at the $2.45 level, and possibly some business was put through but we doubt whether quantities were big, and it seems not too easy to trade with them under these conditions. The deferred months are rather firm, although as we stated earlier, there was no fresh news from the growing areas to cause disquiet, but until there seems to be a little more optimistic crop news, we may have this type of market.

Coarse grains held rather firmly and the main thing continues to be the relatively small movement from the country, and the small supplies at terminals.

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CHICAGO, 4 April 6, 1948

There are always times in history when it is felt that the population of the earth is increasing faster than the food supply. Most notably in this connection, we recall the Malthusian theory of the last century, which has since been discounted largely due to the fact that the great agricultural lands of America and particularly those in the West were opened, and we have had increasingly larger crops, so that in addition to feeding our own huge population, it has been possible to send large quantities to some of the deficiency countries, and to Europe, in particular. After World War I, the very high prices that were brought about opened new wheat lands in Canada, and the same was true in Argentina and Australia, with the result that world shipments in many years surpassed the 800 million-bu mark, and might even have been larger had it not been for the fact that in Europe high tariffs also encouraged increased production on the Continent.

A small country like Germany, for example, was about 70% self-sufficient and a country like France, with about the area of four of our States in this vicinity: namely, Illinois, Indiana, Ohio, and Michigan, was able to take care of 40 million people, and, indeed, at times even had surpluses for other countries. This was especially true with the imports that she received from her own colonies, such as Tunisia, Morocco and Algeria. However, we have not had quite the increase in population in the past that we are faced with at present. For instance, in the United States, we are adding 2 million persons to the population each year, which means that during the next twenty years it would be almost like feeding France to the extent that that number of persons within our own borders must be cared for. We also look at the population of the earth, which during the past ten years has increased by 240 million, and which is continuing to increase at the rate of nearly 30 million per year. Therefore, it is quite evident that there will be more mouths to feed, and possibly surplus crops will not bear the same weight as in the past when there was under-consumption, and when there were fewer people to take care of. Furthermore, we must not forget that even though large wheat acreages are being sown in the United States, there have been only five billion-bushel crops in history, four of them successively since 1944. With some crop scares now bringing to mind that we may not have as large a winter wheat crop as had been hoped for, it is also wise to figure that home consumption can take care of 800 million bu, even assuming only moderate quantities being used for animal consumption. Thus it is quite apparent that if we should revert to average crops, such as we had between 1930 and 1947, which averaged only 844 million bu annually, the time might not be far away when we would be taken out of the export column, especially in years, when only moderate yields are realized.

There was no particular news overnight but the five-day weather forecast was very satisfactory, and those who made recent purchases are apparently content to await further developments before adding much to their lines. As a result volume of trade was quite small.

Primary receipts of wheat were heavier, and amounted to 1,031,000 bu compared with 714,000 bu last week, and 1,927,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 5,000 bu. Apparently with the milling demand slow we are not getting the large changes in stocks, despite the fact that some export shipments are taking place right along.

The CCC bought about 400,000 bu of wheat in the Southwest yesterday, and smaller quantities elsewhere and today they were in the market again. They seem to be willing to follow moderate advances, which, temporarily at least, is preventing any sharp declines. There seems to be a little wheat coming out from the country, the volume is not heavy; however, domestic milling demand is flat, and for this reason there is no big incentive at the moment. As a matter of fact, trade at times fell to very small proportions.

Corn and oats are marking time; the big question now is whether seeding will progress normally, and whether the full intended acreage can be sown.

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CHICAGO, April 7, 1948.

There was nothing very important in the overnight news. The five-day weather forecast that had been issued yesterday was rather optimistically construed, but our own expert does not believe that much moisture is in sight for the Southwest, at least for the next forty-eight hours. Some dry spots in western Kansas are reported, and possibly a few dust storms, but in our conversations with people in the growing areas, we do not believe that much reason exists now for concern, although it is a peculiar thing how much rain we can stand. There is a saying that whenever the farmers complain of too much rain, chances are that we have just about had enough. It looks as though moisture might spread in the Central States, which may delay plowing and planting, but the proverbial April showers are making their usual appearance and in the final analysis it would probably be a blessing.

Some thought is now being given to the export situation after July 1st. We are told that foreign countries will have fewer dollars to buy goods from the United States this year even if the European recovery program is as large as the one passed by the Senate. In the first quarter of 1948 the annual rate of exports was below any quarter in 1947. It looks very much as though the volume would be considerably smaller, possibly by as much as 20%, and chances are that exports of grains and grain products will probably drop most. In the meantime, of course, we know that CCC is in the market almost daily to finish up its purchases to a goal which will probably mean the heaviest wheat clearances that any nation of the world has ever experienced in a single year. To figure on total exports of 500 million bu means that as much will have left this country as is being consumed by every man, woman, and child in the United States. It is also as much as the combined total production of Argentina and Australia, and, therefore, a wonderful accomplishment, not only for the grain trade, but also for the railroads and other transportation facilities that have made this possible.

There is some thought being given to reduced corn acreage as compared with other years, and it is not too easy to understand it in view of high prices. However, if farmers plant as many acres to corn, oats, barley, and sorghums as they intended on March 1st, total acreage would be around 157 million, up 3% from last year, although still down 6% from the 1942-46 average. On the other hand, weather might be considerably improved as compared with 1947, and if the yields by states equal the 1942-46 average production of the four grains would be about 116 million tons, or about one-fifth more than last summer.

Foreign crops summaries are generally favorable, and this is particularly true in France, especially in comparison with last year's poor results. More than 10 million acres were seeded to wheat, which is 48% above the small acreage of 6.7 million acres a year ago when severe damage was sustained during the winter months. With the addition of smaller sowings of spring wheat, there may be a total of 11 million acres for harvest, which is still somewhat smaller than the goal of 12.4 million but yet a step toward the more normal requirements. There were also about 1.2 million acres fall rye sown, and as we have mentioned earlier, France under normal weather conditions from this time forward may have practically enough to take care of domestic needs.

When the primary receipts were posted they showed rather small quantities received at the various markets. The total was only 362,000 bu compared with 401,000 bu last week and 894,000 bu last year. Kansas City and Minneapolis stocks show a net decrease of 204,000 bu.

CCC bought about 560,000 bu of wheat in the Southwest yesterday and 150,000 bu at Chicago and 100,000 bu in Minneapolis. There seems to be a little wheat continuing to come out from country points. It is not large in volume but the milling demand is flat and for this reason we are having rather uninteresting markets. There is some probability that PMA will buy flour in the Pacific Northwest within a short time but Atlantic and Gulf purchases are not in prospect at the moment. We believe that the trade will continue to watch crop developments. Therefore, it is not easy to have very pronounced views but we think it is safe to say that up to this time high winds have not done much damage although calmer weather would be more pleasant.

Coarse grains likewise were rather dull, but very firm. The advance came mostly at the last.

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CHICAGO, 4 April 8, 1948.

There was not a great deal of fresh news overnight. Weather seems to be rather cool for this season of the year, with snows and freezing temperatures in the Northwest, although it looks as though somewhat higher temperatures would prevail in southwestern sections by tomorrow. Meanwhile some high winds are reported, and this is particularly true in western parts of Kansas, where damage may have resulted due to some of the late-planted crop. The Robinson Report has cut the Kansas yield to 155 million bu, and tomorrow, we shall have a government report estimating yields although it is generally expected that there will be some improvement shown over the December figures. At that time winter wheat production was estimated at approximately 839 million bu, and on basis of probable yields for spring wheat, it was figured that we might have total production of 1,110 million, which would be one of the six largest in our history. The government also tells us that on basis of present indications, and assuming normal weather until harvest, Europe's 1948 production of wheat and rye will exceed the very small 1947 crops, and may equal or exceed 1946 production. However, it will still be considerably below pre-war average yields. There have been all kinds of figures given to the trade as to the probable disappearance during the second half of the present season, but one way or another about the same results are being reported: namely, that we can export between 450 and 500 million bu and still have a carry-over next July of at least 150 million bu. Our own observation is that this would even be possible if the higher export figure is met.

BAE in its last resume points out that there was 795 million bu wheat on hand as of January 1st, and that of this quantity about 245 million is expected to be used for food and about 25 million for seed. The quantity fed in six months may range between 125 million and 175 million bu. They say that more precise estimates of feeding can be made after the report of stocks which will be given on April 23rd. From reports that we are receiving we doubt whether total feeding for the year will be more than about 200 million bu, although this is rather difficult to gauge, and most authorities admit that the amount consumed on farms presents more guesswork than almost any other factor in our consumptive data.

We are not hearing much yet of farmers intentions to plant in the Northwest, except the figure that the government gave us on March 1st, and it is now presumed that if the yields equal those in the ten years (1936-46) we might have a spring wheat crop of 272 million bu. TheOccident Elevator report issued a few days ago cautioned that moisture conditions in the Northwest was considerably below that of last year. However, it was indicated that subsoil moisture was fairly good East of the Missouri river but West of that in North Dakota and all over Montana, outside of scattered localities, there was little moisture deeper than 14 inches. Their report also indicated more summer-fallow lands than usual and that growers would plant more barley this year than last and considerably more flax if conditions were at all favorable.

Primary receipts of wheat were 566,000 bu compared with 645,000 bu last week and 1,181,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 414,000 bu.

CCC was quite active in its buying operations yesterday, and southwestern purchases amounted to nearly a million bu. This coupled withsmaller purchases elsewhere gave strength to the idea that the government was interested in maintaining its program, and we had some new buying also inspired by reportsof deterioration in parts of the Southwest, where high winds are very likely to do same damage. In milling circles there is a little better sentiment, and the trade shows some inclination to cover needs through May, and possibly the advance in price has improved general sentiment. The advance today started in coarse grains, and May corn was particularly strong, possibly due to light country offerings and dwindling stocks at terminals. However, the main thing is that there is very little resistance to buying in any of the pits, and so long as the government buys wheat in theSouthwest for May 31st delivery at 2¢ over Kansas City May, there is the fear that it might tie up the nearby futures, and this in turn would influence Chicago, as we have small stockshere, and there is little chance at prevailing differences to bring wheat here from outside points.

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CHICAGO, 4 April 9, 1948.

The corn-hog ratio has become less favorable during the past weeks, which probably explains the slow demand for corn from New England and from the East. It looks very much as though theprice factor had brought about the necessary economies in view of last summer's short crop. As a result prospects are that meat output will decline more than seasonally this spring and summer. Thisis especially true if consumer incomes continue at present levels. Likewise price of meat animals will remain at least as high as at present, according to forecasts by the Department of Agriculture. We are frequently asked the question whether the present premium of May corn is justified, but it has always been our experience that whenever themovement during the early part of the season: namely, in December and January, does not help to build up a reserve stock that we seldom find that this occurs later for the reason that once the corn is cribbed or put away, it generally is used at home. After all, about 85% of the corn never leaves the county in which it is grown, andseldom do our primaries amount to more than 300 million bu, but in those years when we have carrying charges, or anything approaching it, we seem to get a heavy movement early in January, so that later any withdrawals do not make such heavy inroads in our accumulations. This year, of course, everything was different, and we find that with dwindling supplies and decreases in the visible, the nearby months are rather tight, but even these higher prices with big premiums do not seem to attract much grain from the country.

When our market opened it was influenced by a rather friendly sentiment, and the carryover feeling from yesterday was moderately bullish. Southwest weather remains clear and little rain is in prospect, so that some complaints from western districts of Kansas are likely until we get some rains. Colby, Kansas, wired us that they were experiencing high winds and dust in the air. However, this situation is not at all general, and in most places they are still waiting for sunshine, because the season is late, and it will take higher temperatures to bring about some recovery. The forecast is for fair and generally warmer for all sections except showers Northwest.

After the close of the market this afternoon, we shall have a government report on winter wheat, and this is being awaited patiently, although it is still felt that a very large winter wheat crop is in prospect, particularly with the big acreage sown, and probably a smaller than average winter kill.

According to Broomhall, very high prices still prevail in the Argentine for virtually all grain. This indicates that the foreign demand is still quite urgent. For example, wheat prices are $4.85 FAS, corn $2.64 1/4, barley $2.26 3/8, and rye $2.39 3/4. However, this may not prove to be the smartest policy, and this international authority feels that they may become waterlogged with grain this summer, and will probably have to sell at the lower world level or else be prepared for heavy spoilage when later competition puts more of a crimp into their activities.

Primary receipts of wheat amounted to 750,000 bu compared with 653,000 bu last week and 1,643,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 495,000 bu. Then the wheat visible is posted on Monday, there will probably be a shrinkage, but it may not be nearly as large as those that we have experienced during the past month. A year ago similar date there was an increase of 181,000 bu.

Several people remarked today that the recent advances had been pretty rapid. On March 20th, May wheat closed about $2.31 per bushel; so it is evident that there has been almost a 20¢ upturn during the interim. Likewise corn for the May future has advanced about 15¢ per bu, and this all suggests that it may be time to become a little more conservative. There was no change in the outlook, and while rain would undoubtedly be welcome in many parts of the Southwest, subsoil conditions generally are favorable taking the large area involved, and unless we get something unusual in the government report this afternoon, we would be inclined to remain cautious on any further advances from this level.

Corn and oats fluctuated in sympathy with the leading cereal, and there were reactions, indicating that probably there may be an overbought situation with which to contend.

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CHICAGO, 4 Apirl 12, 1948.

After the close of the market Saturday, Secretary of Agriculture Anderson boosted the nation's minimum wheat goal by 16 million bu to atotal of 466 million bu. The Secretary stated that the reports on winter wheat crop and stocks of grain on farms were sufficiently favorable to allow the revised plan. Whether the sights will be raised later to a total of 500 million bu remains to be seen, but we now have a little clearer picture of our possible wheat situation on July 1st. The government report of farm stocks of wheat on April 1st gave the holdings as 256 million bu. Previously commercial visiblestockswere reported as 72 million bu. This would give a combined figure for the two positions of 156 million more than a year ago. We think it is fair to assume that the stocks in big and small mills and CCC bins are about equal to 1947. It would appear that the 156 million increase would provide ample wheat to fulfill all phases of our normal consumption and the full export program of 500 million bu, and still meet requirements of the law which calls for a carryover on June 30th of 150 million bu riminum. In looking over the figure we estimate that to the end of March, wheat and flourexports were approximately 368 million bu, although we as yet have no official figures. If we arecorrect in our surmises on exports, it would necessitate an additional 132 million to increase exports to the highest goal of 500 million bu. Last season in the April-June quarter 115 million bu wheat and wheat equivalent was shipped from our shores. This would be an increase of 17 million, and would leave 139 million additional supplies above a year ago.

In 1947, because of the large spread between old and new crop values, domestic uses of wheat for food and feed during that period were quite small; in fact, the utilization for feed was only a negligible quantity. This year we might consume 120 million bu for food, which would be about normal and would compare with 95 million last year, or 25 million additional. Assuming that about 35 million will be used for feed, it would add very close to 80 million bu to our carryover, bringing the total to 160 million bu, which would more than meet the requirements of the present law. The usage for seed should be about the same as last year; namely, 18 million bu.

Broomhall reports that no material changes have occurred in the European crop situation during the past week. Unseasonally cold weather in some sections of the Continent tended to retard development of the wheat crops, but this has caused little or no concern, as the plants in most sections were already well developed. Over the week-end it turned warmer, and the main need now is for rain in certain areas. However, as a whole European crop prospects are promising, with a marked expansion in wheat production this year indicated for Italy and France.

The entire world food outlook is much better, and the demands on this country should consequently be less. If prospects are maintained by the time world crops are harvested, there should be some easing in price, but possibly not to marked degree.

Weather forecasts in this country point to some moisture in the Southwest, with a fair chance for light snows in the western portions of Kansas, and light to moderate showers in central and eastern portions of Kansas and Oklahoma. Few areas in northwest Kansas and in the southern part of Nebraska, have already reportedsome rains received. One of our men who has traveled rather extensively through Texas in the pastweek reports that conditions are somewhat spotty, but all in all the outlook is more promising than three or four weeks ago, as there has been some warmer growing weather, the plant is alive in sections visited, with little damage dome bythe recent winds. With rains at proper periods a pretty good crop is in prospect for that area.

Primary receipts of wheat today totaled 1,193,000 bu as compared with 1,109,000 bu a week ago and 1,929,000 bu on the comparable day of last year. There was a decrease pf 2,681,000 bu wheat in the visible and total stocks now are 53,298,000 or about 25 million larger than a year ago. Chicago stocks of wheat decreased 105,000 bu and now only stand at 584,000 bu. The corn visible decreased 994,000 bu.

Offices of the CCC report 830,000 bu bought in Kansas City through noon Saturday, approximately 98,000 bu in Chicago but nothing in Minneapolis. The Kansas City office was again in the market todayand observersthink that purchases might have been quite considerable. Of course, as long as the CCC shows a willingness to partially follow advances, it is a sustaining factor but today there was more evidence of hedge selling and it is reported that the country offerings were somewhat heavier. Although bookings of corn are still light, demand is rather slow and industry is meeting tough competition from processors who use sugar in their products.

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CHICAGO, 4 April 13, 1948

Within a very short time the Senate is expected to begin consideration of the International Wheat Agreement, which will go before it in the form of a treaty requiring two-thirds majority. As we have pointed out previously 33 nations comprise importers while 3 are exporters, the latter consisting of the United States, Canada and Australia. Russia and the Argentine apparently will not go along, and this is bound to cause confusion, particularly if we come back to a period of surpluses. With two important countries not taking part in the proceedings they are apt to undercut and undersell the others, which is naturally going to create discontent amongst the 33 nations dependent on imports for their bread. While Britain is the largest single importer of grain in ordinary times and is a signator to the Wheat Agreement, it seems to be felt in that country that the food importing nations of the world, and particularly the United Kingdom, are being forced to underwrite the prosperity of producers. As Broomhall puts it the burden is crippling and is a major factor in bringing importers to the verge of bankruptcy. As for Britain's export policy, particularly in manufactured goods, they have to strive for even greater efficiency to sell their products competitively in the world's markets and there is no such obligation on the oversea producer of grain. Under the proposed plan, in the exporting countries farmers will sell only to the government, which in turn would charge importing countries the highest price that the market will bear, or at least the highest price the legislators can get at the Conference Table. Here again, Broomhall asks the question: What are we to think of a system which produces these conditions and by creating a monopoly control of acreage, stocks and shipments makes it virtually impossible except at brief intervals for the terms of trade to move in favor of buyers? Time alone will tell how successful this scheme of things will be. All that can be said now is that previous experiments along the same lines were destined to failure almost from the start.

During the past week CCC bought 4.4 million bu wheat, although no flour was taken during this period. The bulk of the grain was acquired in the Southwest, with 3 million bu having been taken in Kansas City, 776,000 through Chicago and 350,000 through Minneapolis, along with 310,000 bu purchased at Portland, Oregon. Yesterday's purchases in the Southwest were extremely heavy, and nearly 2 million bu was bought, showing the ease with which their operations are continuing, but this is not particularly surprising when we look at the quantities of wheat still left in the country, based on farm reserves, and it now indicates that even if 500 million bu is purchased and shipped for export for the entire year, we may still have a reserve stock of 150 to 160 million bu on July 1st.

Primary receipts of wheat tapered off somewhat and amounted to 642,000 bu compared with 1,031,000 bu last week and 1,694,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 90,000 bu.

Markets were rather firm today and it seems that some people are afraid that with the late season and possibly no moisture in sight for the Southwest that further crop scares may be had. We rather feel, from reports that are coming to us, that sub-soil moisture in the Southwest is quite good but that rains are probably needed to break the top crust and to insure better growth during the next few weeks. It remains rather cold for this season of the year and the worst complaints are probably that the season is late.

Apparently the CCC felt a little more independent following yesterday's heavy purchases but it was not thought that today's business amounted to much. Corn was the strongest on the list despite reports that there are about 25% fewer animals to be fed. However, there is no pressure and at this time of the year farmers seldom market much corn as they are too busy otherwise with field work. All markets were quite firm but trade was relatively light.

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CHICAGO MERCANTILE EX.

April 14, 1948

The Department of Agriculture now estimates that about 36.6 million bu of grain and grain products were exported during March 1948, and the total for nine months is 457 million bu, which acoording to monthly shipments was as follows;

1947-48 Bu of Grain

July	76,352,000	December	45,095,000
Aug	64,584,000	January	49,733,000
Sept	53,868,000	February	42,040,000
Oct	46,482,000	March	36,639,000
Nov	42,237,000	Total	457,030,000

On this basis it looks very much as though we might reach a total goal of 570 million bu, which would include 90 million bu of coarse grain, of which the latter has all practically been shipped, and a total of 480 million bu of wheat and flour. Up to April 9th the government's procurements were 340 million bu wheat and flour, which was just about equal to allocations through May, so that their purchases, and those made by the private trade allocations, would have to be only 47 million bu to complete the 480 million bu total, and this largely for shipment during the month of June, although it would also include supplemental allocations, of which a few were given in recent days. This in itself does not leave a very bullish picture, although we believe some of the recent buying was based on lateness of the season, and also the fact that rains have not been received in some of the Southwestern districts where top-soil has become dry. On the other hand, it must be remembered that record-breaking snows boosted the Kansas subsoil moisture. A report issued from Topeka stated that record-breaking snows and low temperatures made March a wintry month over Kansas, but added welcome soil moisture. Snowfall totaled from 15 to 20 inches, or more over most of the western half, and the northern counties, and 5 to 10 inches elsewhere. The average snowfall for the state was 15.8 inches, and has been exceeded by only two previous months of record; namely, March 1912 and March 1924. Under these conditions we believe that much of the apprehension now expressed is unwarranted, and we take little stock in some of the less conservative reports realizing that if we get some moisture to benefit the topsoil within the next few eeks that a much better picture will prevail. Thus a little patience is required, even though the immediate forecast does not lend much hope for precipitation.

Broomhall reports that milder weather in Europe, with rains in certain sections, enhances the outlook for crops. There were rains in sections of the United Kingdom; France enjoyed good moisture and Italy also had beneficial rain. In this country, the Kansas Weekly Crop Report states that wheat made some growth but development continued light in much of Central and Western Kansas, although growth and prospects in the Eastern part of the State and a few extreme Western and Northwestern counties was favorable. The report did not judge that injury from wind and soil=blowing from recent weeks had been wide-spread although locally damage was heavy. The Iowa Bulletin states that the rains and snows during March brought soil moisture back near normal in that state although more surface moisture would be beneficial. Oat seeding will be rapidly completed if the weather remains open for a few more days. The Missouri Weekly Bulletin is quite optimistic, reporting that fall seeded grains came through the winter in excellent condition and have made good progress. Oat seeding is now taking place and the field work completed. The date is well ahead of last year.

Primary receipts of wheat totaled 553,000 bu as compared with 362,000 bu last week and 1,033,000 bu on the comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a total decrease of 308,000 bu.

There was a bullish carryover feeling from last night. Possibly there were further hedges to cover against sales made yesterday. Purchases of CCC yesterday in Kansas City totaled about a million bu although today they showed no willingness to follow the advance. Domestic flour business continues extremely quiet.

UHLMANN GRAIN CO.

[illegible] COMPANY

[illegible] BOULEVARD

April 14, [illegible]

[illegible] estimates that about [illegible] of [illegible] during March [illegible] the [illegible] which [illegible] ending to [illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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141 W. JACKSON BLVD.

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WINNIPEG GRAIN EXCHANGE
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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 April 15, 1948.

There is still no rain forecast for the Southwest, and our weather man is of the opinion that during the next 48 to 72 hours it will probably be warmer in all sections, but clear, except possibly some precipitation may occur in the Northwest. This weather is rather beneficial for spring work, and will enable farmers in central and southern Illinois and similar territories to get their oats in the ground, and yesterday traveling in the vicinity of Springfield, the writer observed that despite heavy rains a day earlier, topsoil appeared to have dried out, so that with temperatures around 70 degrees during the day, it may permit more normal spring work, which up to now has been delayed.

However, the same optimism is not being expressed with respect to the winter wheat areas, although on the whole the reports that we are getting do not seem to be too bad. For example, in some areas they now talk as though warmer weather had improved the outlook, although the wheat stand is still small, and it will probably take some fair rains to break the top crust of soil to insure further development of the plant. Of course, many people are making comparisons with last year, and in this connection one must bear in mind that conditions in Kansas are for only about half the crop that was harvested in 1947, and in Texas probably one-third as much, all of which accounts for the present outlook, although some of the gossip reports that crops are progressing nicely. However, they are going to need continued moisture "to make a go of it." From Norton, Kansas, we receive advices that north and west of that point wheat is just about perfect but east and south only 50% of normal. Salina reports that wheat is growing by leaps and bounds in that territory. The ground, however, is packed and crusted; therefore, a good rain would be quite beneficial. Hutchinson tells us that in their immediate territory conditions are good but that farther west they are poor; northeast of there conditions are good but apparently rains are badly needed in all sections. Undoubtedly, the hard crust is retarding growth, and, therefore, topsoil moisture is awaited but many claim that precipitation and a few days of growing weather could change prospects a good deal. Purdue University yesterday claimed that there was a prospect of raising 39 million bu in Indiana which is certainly about as perfect as one could expect.

In our opinion the government has only about 15 million bu wheat to buy unless the goal is stepped up further, and for that reason they are apparently not too anxious to make further purchases on the advance. For the second day today they kept out of the market in the Southwest. Meanwhile, domestic flour business is near stagnation, only the most limited bookings for replacement are being obtained by mills. They tell us that more and more buyers are on a week-to-week basis for replenishing contracts.

Primary receipts of wheat amounted to 764,000 bu compared with 566,000 bu last week, and 1,459,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 495,000 bu.

Markets all had a fairly good undertone, although wheat did not respond very much to the great strength in coarse grains. May corn was particularly strong, and it is generally felt that the country will not sell until after the corn has been planted, which is certainly three or four weeks still ahead. This means that with small stocks at terminals and dwindling supplies that the nearby deliveries will probably remain strong. The same is true of oats, and even the July future, if we should have a late harvest, might be included in this category. Of course, nobody is pressing the short side of the wheat market as long as there is still some government buying to be done, and so long as it remains dry in the Southwest. However, CCC purchases may become less important from now on unless total exports are again increased, but of course this is a possibility. Some also express the view that the government will probably buy 50 million bu of the new crop, which may be a sustaining influence, and thus the July future is likewise rather firm as there seems to be very little pressure from any source.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 16, 1948.

There was a very firm feeling in grain right from the start. No rain had been reported overnight for any of the southwestern sections, although none had been expected. The five-day weather forecast was not at all optimistic, and this apparently means that we shall have to come down each morning for several days facing dry reports unless the barometer should take a sudden change. As we have said before, we doubt whether the wheat plant is actually suffering, but for the time being a dry weather psychology has been built up, and unquestionably topsoil needs a good soaking in order to improve the prospects of growth. We understand that one of theexperts forecast the K ansas wheat crop at only 143 million bu, which is the lowest that we have heard so far, but possibly better weather might improve the outlook, because, this after all, reflects only about 10 bu to the acre, and is not very much to produce when one considers the heavy snows that were experienced a month ago.

There have been other influences responsible for the strength in wheat: namely, higher prices for mill feeds, and for coarse grains, even at a time when feeding operations are not particularly profitable. It was not surprising, therefore, that with little pressure from the country, higher prices were recorded this morning even before it was known whether or not CCC might re-enter the market. PMA late yesterday had requested offers of flour on the Pacific Coast, for acceptance not later than midnight Friday. This flour will be for shipment from mills prior to May 15th to Pacific ports, but ordinarily that western business has little influence on Chicago, although in the aggregate it naturally increases total exports from this country.

There seems to be little change in the crop news from Europe, and for the early April period satisfactory growth was reported, and certainly a much better condition than a year ago when heavy damage from winter kill had become apparent. The report that we received, prepared by the U. S. Department of Agriculture's Foreign Department stated that most European field crops were not affected by the severe frost that occurred around middle of February, although freezing temperatures had caused some damage to fruit prospects in many countries. Crop developments on the whole continued good, and barring adverse weather developments, the harvests may even exceed the 1946 production of grains, amounting to 90 million long tons. This, however, is still considerably below the average production prewar, when the output was about 117 million long tons. Thus it is reasonable to expect that European demands may lessen after their harvests are reaped, and in France soil moisture reserves are still abundant, and growing conditions are said to be excellent. Fall-sown grains are in good condition, and the acreage devoted to cereals was more than half above the acreage that remained on March 1st last year, following the severe winter kill. In Russia, condition of winter grains was generally reported to be good in March, and considerable official emphasis has been given to the supplementary application of fertilizers that were used. Soil moisture conditions are generally regarded as favorable.

Primary receipts of wheat were a little heavier today, and amounted to 901,000 bu compared with 750,000 bu last week, and 1,388,000 bu last year. Minneapolis and Kansas City stocks so far this week show a total decrease of 818,000 bu. We shall probably have a larger decrease in visible stocks next Monday than last year; a year ago it amounted to 1,151,000 bu.

After mid-session corn prices started to ease off, and before long the market ran into stop-loss selling, which became accentuated as the decline continued. There was nothing in the news to bring about a change of ideas, but it seems that we have had strength in the markets now for several days, and apparently an over-bought situation existed in all pits. When selling orders came into wheat the market was very poorly supported, and the CCC was not interested in any further purchases, but possibly they would have bought had the decline taken place during the period whenthey generally do their buying. Even oats became quite weak, and it was the same story there as elsewhere on the floor; absorption was poor, and the market was thinly supported as longs tried to realize profits. Markets are thin, and while today's volume was somewhat heavier, it seems rather difficult to either buy or sell in large quantity without having considerable influence on prices.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 19, 1948.

The final outturn of the winter wheat crop isstill a matter of speculation, and probably will remain an uncertainty almost to the time of harvest. A large acreage was planted in dry soil and got off to a late start. With the lack of moisture at the present time, the crop is still being retarded and the late planted wjeat will be subject to additional vicissitudes of weather and to higher temperatures before the crop is harvested. Reports from the territory remain somewhat spotty, although we are in receipt of a letter today from a friend in western Kansas who is well posted, and we quote rather freely from his letter. Written as of Saturday he states he feels that the growing wheat crop during the week just about maintained its status quo with the early-sown wheat making gains and the late-sown wheat losses. He states that he hears many conflicting views regarding the new crop and that conditions are ragged and irregular. His letter mentions that he has looked at fields that almost dazzle the eye and right across the lot another field will be ready for a plow-up. He does not consider that the failure to receive rain lately has been serious up to the present date, with the exception that it retards the growth of wheat and makes it that much later. The late-sown wheat has more or less stood dormant the past few weeks, and will not do any realgrowing until moisture is received tosoften the top crust. However, with the subsoil moisture there has probably been a tendency to force a better root growth.

The weather forecast was not encouraging for any moisture in the western third of the grain belt, although some moisture is looked for in northeast Kansas, parts of Nebraska, and possibly sections of Oklahoma and Texas. Weather developments will be watched very carefully, and timely rains could still give us a large winter wheat crop, although prospects have probably deteriorated somewhat. We still have prospects of a combined winter and spring wheat crop in excess of a billion bu.

Looking at conditions in other parts of the world, precipitation in the Canadian provinces since April 1st has been somewhat above normal. Manitoba reports .39 inch against a normal of .33; Saskatchewan has enjoyed .47 inch of moisture against a normal of .28; and Alberta .59 against a normal of.32. The U. S. Department of Agriculture states that European crop conditions in early April over most areas were satisfactory, and far better than a year ago. It is still anticipated that the 1948 harvest of bread grains in Europe, including the Soviet Union, will be well above the short crop of 1947. With proper weather conditions from now until harvest, the outturn could be 90 million long tons. Broomhall reports that the Indian harvest has been making good progres and that wheat yields are excellent. Rains are needed in Bulgaria while Rumania enjoyed some heavy showers, which were beneficial.

Primary receipts of wheat today totaled 1,603,000 bu compared with 1,193,000 bu last week, and 2,352,000 last year. When the visible was posted, wheat stocks showed a decrease of 3,843,000 bu and now stand at 49,455,000 bu, or approximately 22 1/2 million bu larger than a year ago. Chicago stocks of wheat decreased 31,000 bu leaving a total at this market of 553,000 bu. The corn visible decreased 482,000 bu, and oats 575,000 bu.

There was no particular news to guide traders when they arrived at their offices this morning. No moisture had been received from the Southwest, although the forecast is for some showers in northeastern Kansas and parts of Oklahoma and the Texas Panhandle. Some high winds were reported, but we believe that the crusted condition of the soil, due to lack of recent moisture, is a protection against blowing, and therefore is partially a blessing in disguise, as long as dry conditions remain. Normally weather that is not conducive to wheat is usually beneficial for coarse grains, and present conditions are no exception. From what we gather farmers were very busy in the fields Saturday and Sunday in seeding oats and preparing the corn bed. Our representative in Illinois believes that after the weekend activities about 75% of the oats have now been seeded. Considerable work is being done in preparing for corn, and the main weakness in the pits this morning was reflected in that cereal. While Chicago had 149 cars of corn, many of the cars were applied on contracts. Other primary markets also reported fair receipts. As long as weather remains favorable for this cereal believe corn is now more on the defensive as the demand is rather quiet. The feeding ratio is unfavorable,and industry is finding stiff competition from products of which sugar is a component part. No purchases were reported by the CCC for the period ended noon Friday. There probably was some wheat sold to them today, but their price today seemed to be based at 2.49 3/4 with the premium lowered 1¢; namely, to 10 1/2¢.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 20, 1948

Mill buying of wheat remains at very low ebb, and the dominant factor in the wheat market continues to be the purchases on part of government agencies. It may again be timely to review the possible amount remaining to complete our export program. A week ago it was estimated that CCC had approximately 15 million bu wheat and 17 to 18 million bu flour expressed in wheat equivalent to complete a program of 466 million bu. For the week ending April 16th, CCC reported that they purchased approximately 3,675,000 bu. For the daily period ending Monday noon, 2,755,000 bu was required in Kansas City and 100,000 bu in Minneapolis. This would leave somewhat less than 10 million bu to meet the present established quota. In some quarters it is believed that if the new crop does not deteriorate too much, the export goal may be raised another 14 million to a total of 480 million, of which it is thought 10 million bu would be in the form of wheat. Whether the goal is left at 466 million or advanced to 480 million bu, it does not leave a great deal of wheat still to be acquired by CCC. It is, therefore, a moot question as to how long their buying will be a market factor. PMA is asking for flour offers this afternoon at the gulf, but recently the flour purchases have not been any considerable market factor as apparently many mills are grinding storage wheat and not finding it necessary to enter the market in order to meet their requirements.

Another interesting summary of statistics is the disposition of farm stocks on April 1st. On that date the five southwestern states showed stocks of 101 million bu as compared with 29 million bu last year. The four northwestern states had 84 million against 63 million a year ago. In other words the distribution of stocks at the end of this crop year will be quite different from a year ago when a large accumulation existed in the Pacific and Northwest States. Bins were fairly well scraped in the Southwest, and it was difficult to find wheat to meet the demand of the milling trade, as well as commitments that have been made to CCC for delivery May 31st.

If present government estimates of the winter wheat crop are in any way maintained and acreage planted to spring wheat as forecast, the possibilities are for a crop to exceed 1,100 million bu, and with a carryover estimated at 150 to 200 million bu, we can start the season with supplies around 1,300 million bu. Some government officials have estimated that export requirements for the new crop would not be in excess of 300 million bu; so there is a possibility of still further adding to the carryover on June 30, 1949.

The letdown in the milling industry has been borne out by figures just released by the Department of Commerce, in which they estimate that flour production in February was 13% less than in January and 15% less than in February 1947. Some of the decrease in the January to February production was possible due to the fact that many mills operated three days less in February, which is a shorter month.

According to Sanford Evans, world shipments of wheat and wheat flour for the period from August 1st to April 8th was approximately 555 million bu, which compares with 463 million during the same period of last year. The same source estimates that the amount available for export and carryover as of April 8th was around 731 million bu.

Primary receipts of wheat today totaled 909,000 bu against 642,000 last week and 1,757,000 last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 50,000 bu.

The easier feeling earlier in the market was reversed when CCC at the usual hour was willing to accept wheat at an advanced price; their basis was raised to $2.50 1/2 for Chicago May, with 10 1/2¢ premium for wheat at the Gulf. While it is very difficult to cover hedges on the present buying policy pursued, there seems willingness on part of some cash handlers to offer wheat to the CCC, even though their hedges may be covered 1/4 to 1/2¢ away from the base price. During the latter part of the session the Senate GOP Policy Committee scheduled action on several farm programs-- a repeal of legislation passed last Fall which required a minimum wheat carryover of 150 million bu as of next June 30th. We do not feel this is much of a market factor, as we doubt seriously whether the export program will be stepped up enough to bring the carryover under that figure. The same committee is also recommending incorporating CCC under the Federal Charter as a permanent government agent. Cash premiums in the Southwest show a sagging tendency, particularly noticeable on the higher proteins, where declines during recent weeks have been as much as 10¢ a bu. Corn premiums are holding steady, and country offerings today were extremely light.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 21, 1948

Shortly before the close of the market yesterday there was some lifting of edges on part of milling interests, which many judged to be in anticipation of overnight business with PMA, who had asked for offers basis the gulf. At the opening of the session today word was awaited as to the actual quantity purchased by PMA and it is estimated that about 2 million sacks of flour were purchased, which is equivalent to approximately 5 million bu wheat. However, these purchases had very little effect on the market, and as we have commented several times in the past, apparently millers are grinding wheat on hand and not finding it necessary to enter the market when making sales. Government flour business has not been much of a market factor in recent months. We understand from several of our friends in the milling trade that the sales to PMA were done on a very close conversion, as many mills are in need of running time, domestic flour business remaining very quiet.

The USDA announced a supplementary wheat and flour export allocation for shipment in May of 136,000 tons, mainly for France, Italy, and Austria. This amounts to about 5 million bu wheat and is part of the additional 16 million bu recently added to the export goal to bring the total to 466 million bu.

Broomhall, reporting for Europe, again affirms that there has been beneficial rainfall in a number of countries during the past week, including some areas where complaints were starting to be received on account of dryness, and he now regards the general outlook as quite favorable. Weather is warm over most of the Continent, which is beneficial to the growth of the plant and also conducive to the planting of spring crops. The United Kingdom has had wonderful rains, although additional moisture is still wanted in some areas. In France recent rainfall has been quite generous, and prospects remain good. The same is true of Italy. Recent rains have brightened the prospects in Bulgaria, Rumania, and elsewhere. The great urgency for bread grains which existed in France a year ago seems to have been alleviated, and that government is now borrowing grain from Britain and Belgium to be replaced after her own large crops are harvested.

In the United States there has been no moisture of consequence received overnight and the immediate forecast for the next twenty-four hours does not hold out any encouragement for same, the forecast being generally fair tonight and Thursday, with warmer temperatures Southwest. While rains would be very welcome in the winter wheat territory, weather has been very propitious for coarse grains, and throughout the Middle West oats seeding is nearing completion and corn land being prepared for the new crop. The Missouri weekly crop bulletin states that the past week was favorable for field work, that oats seeding was virtually completed, and corn planting was under way in many areas. The Kansas Weekly Crop Report stated that the progress of wheat varied considerably during the past week, with the warmer weather promoting growth in the eastern sections, extreme western, and northwestern counties, but through muchof the central and western parts of the State relatively high temperatures the past few days have resulted in a very dry topsoil condition, where late planted wheat is badly in need of cool weather and moisture.

The Canadian crop and carryover of oats this year was 346 million bu as compared with 448 million a year ago. Exports have been about a million bushels compared with 16 million a year ago, and as of March 31st, stocks totaled 135 million vs. 84 million in 1947. This shows a domestic disappearance of 210 million bu against 348 million the previous season.

Primary receipts today total 530,000 bu compared with 553,000 bu last week and 696,000 bu the comparable day last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 191,000 bu.

CCC purchases for the last reporting period were about one million bu in Kansas City, 100,000 bu in Minneapolis, and 95,000 bu in Chicago. However, the agency was not in the market today, and lack of support from that source led to an easing in prices, although before the close the market recovered and closing quotations were at a higher level. Cash business in the Southwest is extremely quiet, very little offered by the producer, and very little demand from the mills. Cash corn premiums remained about steady. Some sales were reported to the East.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 22, 1948

When traders reached their offices this morning they found that there had been some unexpected moisture received in sections of the winter wheat territory. This is quite typical of a drought period - moisture comes unexpectedly and unannounced. The Texas Panhandle received very good moisture, particularly around the Amarillo territory, and should prove beneficial to winter wheat as the rains occurred in substantial producing areas. From this territory rains followed a northeasterly direction, furnishing good relief in central and north central Kansas, starting at about Hutchinson. Our forecaster believes there will be further showers and thunderstorms in the central and eastern portion of that State this afternoon or tonight. Naturally this led to a considerably easier feeling at the opening,and selling orders were in preponderance. Country offerings in the Southwest also showed a material pick-up overnight, and there seemed to be a greater disposition on part of farmers to sell wheat stored in elevators.

Discussions are now under way in Washington pertaining to agricultural matters. The extension of the life of CCC is under consideration, as well as support programs relating to agricultural products, the parity concept, etc. This being a political year it is rather to be expected that action will be taken that will be more political expedency rather than economic soundness. The loan policy was instigated at the time of a great agricultural depression, but as time went on and in order to encourage farmers to larger outputs during the war period, support prices were gradually raised to 90% of parity. We have always felt, and we have expressed ourselves frequently in our market letters, that there should be some floor under agricultural prices to prevent any debacle. But we consider any loan around 90% as economically unsound, and with it is bound to come eventually a program of restrictions, such as restriction of acreages, restriction of marketings, possible plowing up of lands, and other methods which are not consistent with the precepts of Democracy. If we are to fight off the fears of inflation, part of the battle will be won in lowered food costs. Undoubtedly a high loan value at times would stimulate artificially high prices and prevent the consumer from obtaining any benefits from a lower cost of living. Food is an important item of every family budget, and if we are to have any reduction in the cost of living, it certainly must be expressed in food costs as well as other items. As very ably expressed by Mr. Ody H. Lamborn, in an address at the Centennial Banquet of the Chicago Board of Trade: "Economic freedom includes the right of any American to produce and consume, to buy and sell whatever he wants, whenever he wants, at free market prices without government regulations, beyond its ordinary police powers...Under socialism the State becomes the entity that has the sole power to dictate production and distribution, to buy and sell, and to name prices."

Primary receipts of wheat totaled 1,112,000 bu compared with 764,000 bu last week, and 1,371,000 bu last year. So far this week Minneapolis and Kansas City stocks show a total decrease of 378,000 bu.

As the session progressed weather reports were received from the territory showing additional rains, but mostly in the Kansas area as outlined in the first paragraph. There were further reports that receipts in the Southwest were picking up, with offerings on part of farmers, and also storage wheat which elevators were buying.

The CCC announced that their purchases in Kansas City ENDING YESTERDAY totaled 135,000 bu, with nothing purchased in Chicago or Minneapolis. At the same time they announced they would buy wheat at $2.49 1/4 with a 10 1/2¢ premium at the gulf. Very few hedges could be covered at this price, but we would judge that they probably purchased a fair quantity of wheat. Their limit was $2.59 3/4, and we would surmise that many were willing to sell overnight accumulations, even though hedges could not be covered except on the basis of approximately 10¢ over.

Both corn and oats were also under liquidation today. Field work is advancing, and there is also some prospect of moisture in that territory, which would be helpful at this time. Advices from Canada are to the effect that Canadian authorities have lifted restrictions on Canadian oats. This action would now permit that cereal to enter this country for both human consumption and for feed. We hear of some Canadian oats being offered in the New England States. With the present equalization fee, oats are not workable to Chicago, but the equalization fee is more or less on a sliding scale, which is adjusted from time to time; therefore, while their price is still out of line it represents a threat to premiums in Chicago.

UHLMANN GRAIN CO.

FILM-ARM ORGANIZATION

[illegible]

140 W. JACKSON BLVD.

CHICAGO, [illegible] April 22, 1918

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 23, 1948.

It is human nature to forget easily. Over the last decade and a half this country has tried many experiments in planning and in controls on agriculture. In the early 30's we heard a great deal of talkthat this country had now passed its frontiers and that industrially and economically we had reached the height of our growth, thattechnological developments had pushed our production beyond our ability to consume, and that we were on the threshold of an era in which everything had to be planned if we were to maintain our standard of living. In retrospect, our fears seem to have been entirely groundless. The demand for goods is more than our ability to produce, and inflation talk is again in the foreground. Despite the views of the pessimist in the early 30's, one cannot help but look back on the tremendous developments and improvements since that time. Early forecasts were made before the atomic era. We are now facing developments in science which may lead to fields undreamed of ten orfifteen years ago. Frozen foods have opened the door to a vast new industry, with need for locker plants, home freezers, truck refrigeration, and railroad transportation. Developments in electronics have led to many new industrial fields. Synthetic materials likewise have played an important part. Sulfa and other wonder drugs have been developed, and so the list goes on. In addition, our population is increasing rapidly, thus furnishing more mouths to feed and more goods to be consumed. Planners cannot foresee developments and certainly, the capitalistic system, if left to its own resources, can lead to greater and better developments.

There was some furthermoisture overnight in Oklahoma, eastern Texas, and parts of Kansas;, although Tribune, Kansas, which is in the far Southwest, reported .15, most of the reports we had were in about the same areas as yesterday's range. However, weather indications are favorable, more moisture is expected over the next twenty-four hours, and the five-day forecast, which, of course, is not accurate, indicates rains during that period. While one southwest elevator came out today with an estimate of 125 million bu for Kansas, we feel this was made before the recent rains and improvement, and bearish sentiment has spread to all pits.

The CCC at 11 o'clock announced the price basis $2.46 1/4, but when wheat was apparently offered in substantial volume, they backed away from the market, and after having acquired some supplies announced that they had finished for the day. This induced further selling, as outside demand is rather negligible. CCC has been able to get their wheat rather easily, as they are really the only buyers at the moment, and for the period ending yesterday noon they reported having purchased 3,548,000 bu in Kansas City, 400,000 bu in Minneapolis, and 56,000 bu in Chicago, or slightly in excess of 4 million bu.

The total wheat and flour export program this year is most likely to be increased to 480 million bu, although up to the present time only 466 million bu have been announced, but there seems to be plenty of wheat available to carry out such a program and believe this will be confirmed by the figures of stocks in all positions this afternoon. The time element for shipping much larger quantities we think is against increasing the program much more than the aforementioned. Up to April 16th the last actual announcement, CCC and PMA purchases were 294 million bu, which together with the 52 million bu stock held last July 1st brought the total to 346 million bu, and since that time they bought about 3 million bu flour and at least 8 million bu wheat. This would total 357 million bu. Private trade allocations to the end of May were 92 million bu, which accounts for 449 million bu all told, so it leaves only 31 million bu of wheat and flour to buy, including what might be allocated through the private trade and government purchases. The way the wheat has been coming out the past few days, with 4 million bu purchased through CCC yesterday, and abruptly stopping their buying during today's session, it might be that they feel they must take it easy so that the program will not be concluded too soon.

Primary receipts of wheat totaled 792,000 bu against 901,000 bu last week, and 1,588,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 657,000bu. When the wheat visible is posted on Monday it will compare with a decrease last year of 1,911,000 bu.

Chicago starts Daylight Saving Sunday, and our markets Monday will open on Daylight Saving Time.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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141 W. JACKSON BLVD.
CHICAGO, 4

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

April 26, 1948

The Senate this week will receive from the State Department the proposed International Wheat Agreement. As we understand the procedure, it will go to Congress as a treaty to be implemented later by any legislation that would be necessary to carry out such treaty, provided it is approved by Congress. We have pointed out on past occasions, when previous attempts were made to have an International Wheat Agreement, the fallacy of most of these agreements. In the past there has been an attempt not only to have planned agriculture in this country, but planned agriculture in the world. When in earlier years the proposals were made, it was with the idea of supporting a then sagging market, and it would have entailed crop controls and other forms of regimentation. At the present time the proposal is lower than the world's wheat price, and as long as this condition continues to exist cooperation from our farmers could only be accomplished if subsidies were used or some form of additional payment. Subsidies mean government controls. Certainly we cannot ask producers in this country to accept less in the world's market than wheat is actually worth. The proposed agreement suggests a present price of $2 a bu for #1 Manitoba wheat, FOB Port Arthur. This would probably be equivalent to somehwere between $2 to $2.10 for winter wheat at the gulf. At the moment the government is paying 9¢ over Chicago May basis $2.38, or a flat price of $2.47, to which would have to be added a couple of cents fobbing charges, making our wheat very close to $2.50.

While the State Department is recommending the wheat agreement, on the other hand our legislature now is debating the extension of the Agricultural Act, and the advisability of continuing until 1950 the 90% loan on wheat and the other five basic crops. A 90% of parity loan suggests a loan of between $2.25 and $2.27 at Chicago. Certainly there is great inconsistency between the proposed support price and the price at which the State Department would like to give the wheat away in international trade. As we look over our agricultural history and our action since 1930, the unfeasibility of planning should be self-evident. When an international agreement was proposed shortly after the ending of hostilities, the export quota from this country was to have been set at 72 million bu, and the idea of the pact was to cushion declining agricultural prices. Where would the world be today if our exports the past few years had been held to 72 million bu, and what has happened to the years of declining prices when we had steady advancing markets from 1944 until the early part of 1948? If for no other reason than the fact that two major exporting countries: namely, Russia and Argentina, are not included in this pact, it should be defeated because it cannot work except to the detriment of the producers in this country. Wheat at the seaboard in Argentina is selling for about $4.85. Our planners want to offer U.S. wheat at somewhere around $2 to $2.10. What reaction the farmers have expressed to their representatives in Washington, we do not know, but it does remain somewhat of a paradox that the farmers of this country who throughout its history have been the staunchest defenders of independence and free enterprise, are sitting more or less placidly by accepting doles when they are handed out without fully realizing that anevolution which began with the Federal Farm Board in a program of planned economy simply leads to regimentation and regulations as far ahead as anyone can see.

Primary receipts of wheat today totaled 1,552,000 bu compared with 1,603,000 bu a week ago, and 1,949,000 bu comparable day last year. When the visible was posted this morning wheat stocks showed a decrease of 3,582,000 bu, and now total 45,877,000 bu, or about 21 million bu larger than a year ago. Chicago stocks decreased 23,000 bu, and are now only 530,000 bu.

There was additional moisture over the weekend in the Southwest. Oklahoma seemed to be quite well favored, and also east Texas. Some rains were reported in the central and eastern sections of Kansas. Present indications are for showers in the western third, which would then furnish considerable relief throughout the major portion of the winter wheat belt. According to a survey made by the BAE and the Kansas State Board of Agriculture, the subsoil moisture in Kansas is quite satisfactory, and with recent rains surface moisture must be in much better shape.

The CCC as of noon Friday reported purchases in Kansas City of 2,065,000 bu, and 100,000 bu in Minneapolis. The price today was basis $2.38 for Chicago May, but they reduced their premiums to 9¢ over at the Gulf for April delivery, and undoubtedly there will be some further reductions in the premium during the week, as they are only paying 7¢ over for May delivery. We doubt if they purchased much today.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 27, 1948

Yesterday afternoon the Cabinet Food Committee raised the nation's grain xport goal for this crop-year to 577 million bu all grains. Wheat shipments were nlarged by 16 million bu, bringing the export goal to 482 million bu. It is indicated hat about 44 million bu wheat and flour remain to be allocated during May and une, and it is our estimate that approximately 30 million bu is still to be procured n the way of wheat and flour equivalent on part of government agencies, as well as hat furnished by the private trade. As we view the situation, this is about as ex- ected, and in fact, still remains under the 500 million bu goal, which was dis- ussed earlier in the year. We do not feel that CCC or FMA will have any difficulty n acquiring their needs, and that the carryover in this country will still remain in xcess of 150 million bu.

Broomhall in reporting for Argentina now estimates the 1947 - 48 wheat rop at 274 million bu, which is 68 million bu more than last year, and 130 million u greater than two years ago, and is the largest wheat crop since 1940 - 41 season, hen 299 million bu was harvested. The same agency again reiterates that weather onditions last week over the greater part of Europe continued favorable for grain rops. Many sections received timely rains, and reports received from certain ountries, which currently are receiving very large quantities of grain from abroad, uggest that there will be a substantial reduction in import needs for the coming eason. Canadian advice is to the effect that although the season is somewhat back- ard, topsoil and subsoil moisture is quite satisfactory. Practically no field work as been done in the provinces of Manitoba and Saskatchewan; in Alberta work has tarted in the southeastern district. The Peace River reports also show a good opsoil and subsoil condition, and generally speaking warm dry weather would now e considered favorable for work to proceed. Sanford Evans estimates Canadian xports of wheat and flour for thirty-seven weeks: namely, August 1st to April 5th, as approximately 133 million bu, leaving a balance available for export and arryover of 142 million bu. During this same period, he estimates total world hipments of wheat and flour from Canada, the United States, Argentina, and Aus- ralia as approximately 571 million bu, of which the United States furnished 304 illion.

The Kansas City office of CCC reports 3,382,000 bu purchased for the eriod ending Monday noon. This really includes two days, as no report is given ut on Saturday, but it does demonstrate the ease with which they are able to ac- uire supplies, although elevator houses in the Southwest have been reporting very ew country offerings in the past three or four days. It is difficult to see where he wheat is coming from which the CCC has acquired. Possibly with the new crop round the corner, mills are willing to sell and undoubtedly fair supplies are com- ng from cooperatives. CCC reported for the week of April 16th to 23rd total pur- hases of wheat amounting to 11,047,453 bu, and 2,925,662 bu wheat equivalent as lour. Of the wheat purchased 9 1/2 million bu was handled through the Kansas City ffice.

Primary receipts of wheat totaled 1,297,000 bu compared with 909,000 bu ast week, and 1,392,000 bu a year ago. So far this week Kansas City and Minneapolis tocks show a net decrease of 65,000 bu.

There was not much in the way of overnight news; weather was mostly clear n the Southwest. In fact, moisture is no longer urgently needed, but our weather han looks for unsettled conditions, with showers in the western portions of the outhwest Wednesday night or Thursday. The five-day forecast suggests light recipitation with fairly general rains in western Texas.

Domestic flour business remains at a very low ebb, and no pick-up in usiness of consequence is shown. This still leaves the CCC as the main buyer of ash wheat. They signified interest in the market today at $2.41 1/2, basis Chicago May, with a premium of 9¢ at the Gulf.

Do not see a great deal in the wheat market at the moment. Think we are in ore or less of a trading range awaiting further developments. The weather has een favorable for field work in coarse grains in the middle-west; while country fferings of corn are still light, so is the demand, and feeling in this cereal is a ittle more two-sided.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 28, 1948

The early morning news stated that negotiations had been broken off between the railroads and the Brotherhoods, and that the latter were announcing a strike, effective May 11th. Later in the session it was announced that the Regional Mediation Board has offered their services in settling the threatened rail strike, and that word has been received that the Unions have retracted the May 11th strike date. Therefore, further advice has to be awaited. Naturally any breakdown in our transportation system is an extremely serious matter, as far as the economy of this country is concerned, and the daily lives of everyone. Larger communities all depend on daily shipments for food supplies. If the strike were called, it would interfere with shipments of grain from the country, and it was with this in mind that the local element was conspicuous on the buying side of the nearby deliveries in all pits. May is a delivery month in Chicago for the fulfillment of contracts, and any interference with transportation would naturally tighten the supply situation.

The government has consolidated the reports of wheat in various positions as of April 1st by States and in analyzing this by groups, we find that seven States in the Southwest area had 231 million bu as against 89 million in 1947; the four Northwestern States, 128 million compared with 116 million a year ago. Three principal States in the Pacific Northwest had a stock of 29 million against 36 million. The States in the east and central area had 61 million as against 46 million last year. There was 27 million in other scattered States as compared with 20 million a year ago, which in all made up a total of 478 million against 308 million in 1947. Even though the Southwest had the bulk of the wheat, all sections were well enough supplied so that distribution seemed quite equitable. In reviewing the change since the January report, these southwestern States had a disappearance during the three-month, January-March, period of 154 million, or 40% of the January 1st stock, against 148 million a year ago. In the Northwest the disappearance was less than one-third and stocks were still heavier than a year ago, at which time this area had the largest sectional share of U. S. total stocks. By far the bulk of the government buying of both wheat and flour in recent weeks has centered in the Southwest, but it would seem that the Northwest could spare a larger amount than the government has been buying there. Pacific Northwest and other sections reduced their January 1st holdings by about one-half up to April 1st, and even then the so-called soft wheat section of the East seems to have ample left.

Reliable sources in our Northwest report that the weather for the past two weeks has been generally favorable. In the sout hern half of the area warm temperatures speeded up field work, and timely rains assured satisfactory germination. To the North warm weather has melted the snow and fields are now virtually bare. It is reported that small grain seeding is virtually completed in southern Minnesota and South Dakota, with many fields showing green. In north North Dakota and the Red River Valley very little field work has been done due to the land being under water, but with present farm machinery there seems to be no concern about the situation, and it is anticipated that a normal acreage will be planted to wheat if same can be completed by May 10th.

Primary receipts today were 533,000 bu as compared with 530,000 last week and 892,000 bu the comparable day of last year. So far this week Kansas City and Minneapolis stocks sho wa net decrease of 216,000 bu.

The Kansas weekly crop report states that rains in the central and eastern part of the State afforded relief to a crusted topsoil, although in the western section some deterioration took place from lack of moisture. The Iowa weekly report is rather glowing and optimistic, as far as oats and field work on corn.

CCC reports purchases for the period ending Tuesday noon in Kansas City of 375,000 bu, Chicago 80,000 bu, and 100,000 bu in Minneapolis. The agency in Kansas City was back in the market today on basis of $2.43 for the Chicago May and 9¢ premium at the gulf. The tendency of CCC in following advances is, of course, a sustaining factor, and country offerings have been very light the past few days. Barring any tie up in transportation believe that wheat is more or less in a trading range, while in corn and oats there is some tension over the possibility of a tight position in the May delivery. Stocks of these two cereals in Chicago are low and if shorts are to meet their engagements by deliveries, country marketings will have to S how a marked pick-up.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 29, 1948

According to one member of the press this morning, a Washington article is carried stating that the International Wheat Agreement is expected to pass the Senate as a treaty. The White House is expected to send it to the Senate Foreign Relations Committee sometime today, as well as to the Agricultural and State Departments. The article to which we refer believes it will be reported favorably. However, opposition is shaping up in the Senate where a two-thirds majority is required for ratification. We have discussed international pacts in many of our market letters, and anything that we say now might be repetition. However, we should like to quote a statement made by one of the officials of a large grain house, who has devoted much thought and study to the subject. Speaking of the pact, he states: "It is a step toward socialism. Anything that hurts our customers, hurts us, and let no one mistake our position---the controls that become necessary in futile attempts to enforce international agreements of this kind mean a major setback towards socialism. Look at Canada. Every Canadian farmer must sell his wheat to the State at State prices. The State can tell him the number of acres from which he can sell wheat, the time of year he can sell, and the number of bushels per acre he can sell. Under the law infractions can mean heavy fines and imprisonment. The proposed wheat agreement has a clear socialistic pattern of planned bureaucracy. On the International Wheat Council the United States has only 370 votes out of 2,000; in fact, countries which are part of the British Empire have the majority vote."

Speaking for the Canadian side, Searle Grain Company, Ltd., of Winnipeg, in an article appearing in the Broomhall Corn Trade News, points out several conclusions at which they have arrived after reviewing the provisions of the Agreement. They seem to feel that it is extremely doubtful whether 36 nations will sign. They feel that the pact will probably result in Canadian producers receiving less than American producers and less than the world's market price will warrant; that it will result in decreased wheat acreage in Canada and increased wheat acreage in the United States and in European wheat importing countries. They further feel that it will result in lower incomes to Prairie farmers, and will lead most certainly to still further loss of individual liberty and freedom of action on part of their producers, and that if there is any floor price to be placed, it should be guaranteed by sell -off Canada instead of being placed on the backs of much poorerwheat importing countries.

The uncertainty in this country over the pending railroad strike is causing nervousness and tension in the markets, with full realization that any interruption of our transportation system would have great repercussions on shipments of grains from the country and on the daily lives of all citizens. Awaiting developments, strength is being displayed in the nearby futures of all grains.

. . . Generally fair weather has prevailed over the major grain belt. The immediate prospect is for continued fair and warmer. The Oklahoma weekly crop bulletin states that recent rains have improved the condition of small grains but wheat and oats are still reported in only fair condition and additional rain is needed over most of the wheat areas.

Primary receipts of wheat today totaled 1,232,000 bu compared with 1,112,000 bu last week,and 1,308,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 273,000 bu.

The Kansas City office of the CCC reports 690,000 bu purchased for the period ended noon Wednesday. There was 10,000 bu purchased in Chicago. Today the government agency again showed an inclination to follow advances in the market, and while their requirements must be getting down to much smaller proportions, they were willing to pay $2.47 basisChicago May, with a premium of 9¢ at the gulf. However, these receipts have to be delivered this month as their premium for May is is only 7¢ over.

Our market had a strong undertone throughout the session, although best quotations were not maintained. There seemed to be a somewhat better inquiry on part of mills, and undoubtedly some of this was influenced by the pending railroad difficulties, although there is no appreciable pick up in country offerings from the Southwest. Strength was expressed mostly in the nearby futures, with the May gaining on the more deferred months, and we attribute this almost inits entirety to the railroad situation.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 30, 1948

Yesterday afternoon Washington announced additional allocations of wheat nd flour of about 12 1/4 million bu, which brings the total to approximately 17 1/2 million bu increase since the issuance of the regular May allotments, and now places t 450 million bu the total season's allocations. With the present goal 482 million, t leaves 32 million still to be allocated. According to our calculations, the governnent so far has purchased wheat and flour or allotted through private trade about 457 million bu, which apparently leaves them with 7 million more than they need to neet requirements through May, or 25 million still to be purchased in order to ttain the goal. Of this amount it might be fair to assume that 10 to 15 million bu vill be in the form of wheat, or only an average of 200 to 250,000 bu a day. With he ease with which they have acquired supplies recently, and the reserves of wheat, here should be no difficulty and no market eruptions in attaining the final goal.

The farmer's policy in selling wheat apparently hinges on weather and crop rogress. The producer still remains in a very prosperous condition, and does ot have to hasten his marketings unless conditions so warrant. It has been estinated that cash assets of the farmer have risen a possible 350% since prewar evels, while farm mortgages and short-term debt have been considerably reduced, nd with everything favoring the extension of the 90% loan for at least this season, armers' income will be more or less underwritten by government price-guarantee; herefore, there is every incentive to continue producing large crops.

The Santa Fe is out today with an estimate of 130 to 140 million for Kansas, vhich would be compared with the last government figure of 159 million, and an stimate of 65 to 75 million for Oklahoma against the last government report of 5 million. In looking over a number of recent estimates, we lean to the belief hat with proper weather conditions between now and harvest, the reports are more r less on the low side. Failures are just as exceptional as bumper crops, and ntil some difficulties have been encountered, it is usually wiser to figure on ormal weather conditions. While there can be no question that conditions are potty in the Southwest, with some apprehension felt over the late-planted wheat, ve do know that a large acreage was sown, and we do know that proper weather onditions prior to harvest can add a bushel or two per acre. Therefore, assuming hat weather will be fairly normal (and May as a rule is a month of good moisture) ve are still hopeful that the final outcome may be better than the immediate outlook.

Primary receipts today totaled 1,024,000 bu against 792,000 bu last week and ,284,000 bu the comparable day of last year. So far this week, Kansas City and Minneapolis stocks show a total decrease of 216,000 bu. When the visible is posted n Monday, it will compare with a decrease of 3,227,000 bu for the same period ast year.

The CCC reports 354,000 bu of wheat purchased in Kansas City to Thursday oon, 81,000 bu in Chicago, and 100,000 bu in Minneapolis. Their price today in he Southwest was basis $2.45 for Chicago May, with a premium of 7¢ over at the Gulf, which is the same premium that they have been paying recently for shipment n May. They were still willing to pay 9 over for April, but this being the last day f the month receipts had to be in Kansas City in order to fulfill the contract. Vould not judge their purchases were heavy today although we believe that they ought some wheat in Kansas City for in-store for shipment by May 31st at 2¢ over he Kansas City May.

There is no definite news pertaining to the railroad strike. Apparently the hird brotherhood had joined in May 11th as the day for the strike, but according to ress reports, the Washington members of the Mediation Board, who appeared in hicago, are hopeful that a solution can be found. However, there did seem to be ess tension in all markets. Lower quotations were registered, and some narrowing endency of the May-July spreads. There was evidence of a better milling demand.

Weather conditions in the Southwest are fair, with the forecast for fair in he western portions, and local thunder storms in the central and east.

Yesterday witnessed fair liquidation in the May contracts. The open interest n wheat declined 1,338,000 bu, in corn 727,000 bu, and oats 367,000 bu.

Broomhall reports that the barometer is falling over western Europe, and ains are forecast which would be very helpful for the late-seeded spring wheat.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 3, 1948.

In announcing the new parity price a few days ago, as of April 15th, the Department of Agriculture pointed out that higher prices were paid for feed, food, building materials, furniture, and fertilizers, and lower prices for clothing and seeds, while farm machinery, trucks, and autos were about unchanged. The parity index is now within two points, or less than 1% of the record high of January of this year.

In going over the statistics released with this study, the Department points out that the average price for wheat received by farmers in the five-year period, 1909-14, was approximately 88 1/2¢, while on April 15th, the farmer was receiving an average of $2.29 per bu. Corn has risen from the five-year average, 1909 to 14, of approximately 64¢ per bu to $2.90 per bu as of April 15th. Oats have risen from 40¢ per bu in the five-year average period to $1.19 the middle of last month.

In further releases from Washington, the Department of Agriculture is urging the hog raisers of this country to increase the pig production this fall by at least 10% in order to offset the prospective smaller output of other meats and continued high demand in 1949. They estimate that the minimum should be 34,400,000 pigs, or an increase of 3 million from the number produced in the fall of 1947, in order to keep the total supply of all meats from showing below 140 lbs per capita for U. S. consumers. They are also forecasting a more favorable hog--feed price ratio for 1948-49, as they are anticipating prices of feed grains to be somewhat lower in that period. With indicated intentions on part of producers to increase the 1948 acreage of the four principal feed grains by about 3%. there should be sufficient feed to support this increased population of pigs.

The anticipated feed production for next season, if crops have about normal yields on the probable acreages in line with the March 15th farmers' intentions to plant, should show a total of about 116 million tons, according to government calculations. This would compare with last year's production of about 96 million tons. They figure that the number of animals to consume grain will be slightly less on next January 1st than the previous year and, consequently, the feed supply per animal would be about 10 to 15% larger. At the present time, the hogs continue to come to market well in excess of last year, and they are at good weights so it shows that grain has been consumed at a good rate in livestock production. We do not pretend to know how much wheat is being fed in this country but from government publication of statistics, it seems that the wheat feeding might be as large as last year when it totaled 190 million bu. The uses for feed and seed for the first nine months of the season were 227 million bu and of this about 70 million bu would be seed, leaving 157 million bu for feed. It we take the government figure for the first six months of the year which is given at 65 million bu, it would indicate that 92 million bu was used as feed during the January-March period. This seems very high and would compare with a year ago of 74 million bu. As wheat feeding will continue the balance of this season, as against an abrupt halt a year ago, and if the government figures are correct on this use, it seems likely that for this season they could run up to at least as much as the 190 million bu of last year.

Domestic uses of wheat for human food have been 371 million bu for the first nine months of the season and would compare with 401 million bu last year. It seems likely then that we will not reach the 510 million bu previously estimated by the BAE for our year's food use because at the end of the season flour stocks usually are permitted to decline and we know right now the mills are complaining of the lack of business, so there is no indication of any sharp expansion in domestic flour consumption.

The threatened rail strike is causing a great deal of hesitancy even though it is generally felt that there will be no stoppage of rail transportation, but there are certain commitments already made, such as export flour sales and wheat contracts to the CCC, and until the situation is definitely clarified, it seems likely there will be a great deal of caution.

Primary receipts of grain show no material change --wheat, 1,376,000 bu, slightly less than last week but over a year ago. For the week, the visible supply decreased 1,686,000 bu, leaving 44 million bu, or about double last year's stock. The corn receipts were slightly better than last week but the visible supply is decreasing and the Chicago corn stocks decreased 216,000 bu leaving only 1 3/4 million bu here. We lost over 100,000 bu oats during the week, with only 209,000 bu left.

UHLMANN GRAIN CO.

COMPANY

May 3, 1918.

DAILY MARKET LETTER

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MINNEAPOLIS CHAMBER OF COMMERCE
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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 May 4, 1948

Press dispatches and radio news this morning would indicate that negotiations between the railroads and the Brotherhoods have pretty well bogged down, and the representatives of the Mediation Board are not very hopeful and apparently are preparing to return to Washington. It is very probable the next step might be up to Washington. It was only about two years ago that the railroad system of this country was paralyzed by a strike, which finally was broken by President Truman's threat to seize the roads and turn them over to the Army. We believe the same procedure is still open under the War Powers Act, which is still in existence. The matter of transportation is so vital to the entire population of this country that we feel if a strike actually occurs, drastic action will be necessary, even if it necessitates the passing of hasty legislation, such as putting the railroads under the Taft-Hartley Law, or what other steps our legislators might find necessary.

This morning a private estimate was issued on the winter wheat crop as of May 1st placing production at approximately 816 million bu, which is compared with the government estimate on April 1st of 860 million bu, or a reduction of approximately 44 million bu, of which 21 million occurred in the State of Kansas. Current condition is placed at 74% of normal vs. about 94% a year ago. The report points out that the plant in western portions of Kansas, Oklahoma and Texas is substantially below normal, with stands irregular. This expression is about in line with what has been generally discussed through the territory. However, we again call attention to the fact that estimates are still subject to weather conditions between now and harvest. Therefore, the final yields are still a matter of conjecture. In talking to points out in Kansas this morning, it appears that a large percentage of the State with the exception of that area around Meade County in the southwest has been benefited. Subsoil moisture throughout the State is good and all that is necessary is occasional moisture to replenish topsoil conditions. Even accepting the figures as issued today, we still have a possibility of raising a total crop in this country of around 1,100 million bu, and with proper conditions it could be above this amount.

Broomhall in commenting on the world wheat supply and demand states that world shipments of wheat and flour have been running well up to his former estimate of 920 million for the season from August 1st to July 31st. In this estimate he has included 500 million bu from the United States, which according to our present goal is a little high. During the first thirty-four weeks of the season, he points out that we ekly shipments of the United States, Canada, Argentina, and Australia have averaged approximately 18,808,000 bu, which would leave a balance of 15,584,000 bu for the remaining eighteen weeks. Shipments from the United States and Canada are fully up to expectations, but Argentina and Australia are beginning to scrape the bottom. It is estimated that Argentine has 13 million bu unsold out of 143 million bu available for the season. The same authority estimates the carryover in the four exporting countries at 356 million bu. The improvement in the carryover he contributes to an underestimation of European crops, heavy Russian export commitments, especially favorable weather, American economies in the feeding of wheat to animals, and the continuing substitution of coarse grains for wheat in Europe. The latter has been quite an important contributing factor.

Primary receipts of wheat total 1,537,000 bu today, as compared with 1,297,000 bu last week and 1,713,000 bu the comparable day of last year. So far this week, Kansas City and Minneapolis stocks show a net decrease of 30,000 bu.

There was no moisture of any consequence reported this morning. The immediate indication in the Southwest points to fair and slightly warmer, although the five-day forecast suggested some moisture in Kansas and Nebraska but very little possibility in the Oklahoma Panhandle.

CCC reported purchases up to noon yesterday of 930,000 bu in Kansas City and 68,000 bu in Chicago. With the advance in price they were not in the market today.

The main influence today was the possible strike situation, and this was particularly reflected in May wheat with the widening of the spread between the nearby and July during most of the session. General trading was rather dull, with very little outside support, although FMA was asking for offers this afternoon to be accepted by tomorrow morning for flour at the gulf, and there seemed to be a little evidence of hedge lifting, possibly in anticipation of such business. Country offerings in the Southwest showed some pickup today.

We wish to correct a stenographic error in the second paragraph of our letter yesterday in which the price of corn was given as $2.90 per bu as of April 15th. This should have read $2.19.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 5, 1948.

We are, of course indebted to Broomhall for most of our news on the foreign crop outlook. According to his latest release, conditions over most sections of the Continent remain favorable, and earlier prospects are being maintained for this year's crop. While cold weather predominated over the past weekend in the United Kingdom, additional moisture was received which was beneficial; although warm weather now would help the growth of the plant, the overall moisture situation is satisfactory. France is also enjoying satisfactory moisture conditions, and crop outlook, with indications pointing to an outturn of around 275 million bu. Germany has a promise of a harvest considerably above last year with weather favorable for the crops in both the western and eastern portions. Satisfactory reports are received from Spain. There have been recent rains in Rumania which have relieved the dryness. That country still is in need of additional moisture, but the general outlook is fairly good. We do not knowhow reliable reports can be construed from Russia; it is indicated that the crop prospects are favorable and that the grain acreage will be larger than a year ago. The crop in French North Africa is nearing harvest, and an increased acreage has been planted in Algeria. Taking the overall picture the outlook for world wheat supplies showed improvement during the past week. The Italian crop is now estimated at about 230 million bu, which would compare with 169 million bu last year. Export requirements are estimated at 72 million bu, although the International Wheat Agreement if ratified would allow for only 37 million bu. The same source, from whom we obtained the above information on foreign crops, makes the statement that no country has ratified the agreement yet, and that there is considerable doubt in trade circles whether it will become operative this year.

Work has been delayed in Canada due to excessive moisture, with fields flooded and too wet to work. However, some field work has been accomplished in southeastern districts of Alberta, and it is hoped to commence more generally this week in the southern portion, and to proceed into the southern part of Saskatchewan and Manitoba.

In this country there has been no particular crop news to change our picture. Many of the areas of Kansas have been relieved of any urgency for rain, leaving the Oklahoma and Texas Panhandles as the two spots in which moisture would be the most welcome. As far as Texas is concerned, as a rule their rains do not occur until around the 10th of May.

Coarse grains are making good progress. Reports from the oat raising areas are most encouraging, and prospects for that crop seem to be rather brilliant at the moment. Work has also proceeded in preparing corn land, a nd the Iowa weekly crop bulletin of April 30th, states that weather conditions for the past week continue highly favorable for Iowa agriculture, and a few farmers have already started planting corn, although it is still a little early for any general seeding of this cereal.

Primary receipts of wheat totaled 652,000 bu compared with 533,000 bu a week ago, and 540,000 bu on comparable day of last year. So far this week stocks of wheat at Minneapolis and Kansas City show a net decrease of 139,000 bu.

The Kansas Weekly Crop Report states that wheat made favorable progress in the eastern part of the state and in some central counties during that week, but that in much of western Kansas extremely dry topsoil condition was detrimental to favorable growth. Summer fallow wheat in western counties was holding up very well. This report was made up before the recent rains and we believe that at least temporarily some of this condition has been alleviated.

As far as our markets are concerned, we are still under the influence of the pending railroad strike. Should settlement be reached before May 11th believe the markets are in somewhat vulnerable position. The volume of trading is rather light and markets show lack of outside participation.

The CCC did not purchase any wheat in Kansas City for the period ended Tuesday noon and were standing on the sidlines today. Whether this is to prevent conflict with the PMA while they are acquiring supplies or whether the government program is rapidly reaching completion remains to be seen. There have been two days of sizeable flour purchases. We still are without information as to whether government purchases will cease after the goal is reached or whether there will be some stock-piling for future needs.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 6, 1948.

Broomhall reminds us that European countries devastated by the late war had to buy grain in the United States, Canada, Australia, and Argentina at prices generally much higher than the civilians living in most of those exporting countries, and at values out of all proportion to their domestic living costs, so that they will do everything to become self-sufficient as quickly as possible, and even to become exporters at times. Places like the Ukraine and Bessarabia, etc. are very fertile grain areas, and given up-to-date machinery and willing farmers, production of grains could be greatly expanded. This past season both Australia and Argentina, particularly the latter, demanded very high prices for their grain, and the Europeans are aware of these facts; therefore, will take steps to protect themselves at the earliest possible moment. Broomhall thinks the change may very easily come this Fall when the Argentine and Australia are harvesting their new crop. Importers may withdraw and depend to a great extent upon their own crops and substitutes instead of buying from such high-priced countries. He points out that the American farmer fares the best, as at least he gets most of the export price, although the government does add a commission for their part of the business, which is higher than the price at which the grain trade functioned. Australia sells their wheat at home muchcheaper than to the foreigner, and Canada, also, does this, although the farmers in both these countries do participate in some of the profits in future years. The Argentine government, however, buys from the farmer at ridiculously low prices, and sells at fantastically high ones to the foreigner.

We believe there is a great deal of logic to Broomhall's statement, and evidently such a line of thought is rather general. Secretary of Agriclture Anderson said in a speech at Philadelphia that farm prices probably will decline one-third in the next few years even under favorable conditions. If such should be the case we could agree with the Secretary that they would still be at a fair level after such a decline. On basis of current Chicago price, one-third off would leave wheat at about $1.65, corn $1.50, oats about 75¢, soybeans about $2.75, flax in Minneapolis would be about $4.00, and terminal cotton around 24¢. A return to normal production in Europe would relieve the necessity of the United States furnishing such quantities of grain as we have in the past few years, and even the 300 million buw heat and flour contemplated for next crop shipment would be greatly in excess of what deficient countries might require in later years. Ordinarily, this is about half of the totalworld shipments, and would leave little room for the other countries of Canada, Argentina, .. and Australia to sell their surpluses even if Russia were not offering much in world channels.

After being out of the market for two days during which time the PMA bought 5,609,000 bu wheat equivalent in the form of flour for delivery to Atlantic and Gulf ports, the CCC today re-entered the wheat market in theSouthwest. Significantly, though, they were not bidding for delivery of warehouse receipts at Kansas City but confined their inquiry to the gulf basis. We do not presume that they will not again buy in the Kansas City market, but we think it would create a danger to the market if they would pursue these operations for a longer period, There have been a number of sales made to the agency for such a delivery, and it seems likely to be the reason back of the large Kansas City May wheat open interest, which is about 6 1/2 million bu. In order to fill these sales, thegrain firms will no doubt stay long the futures until they can replace it with cash wheat, and because the business was done on a small margin, it seems likely that they will wait until wheat can be purchased about on a delivery basis. Chicago has been looking towards the Southwest for shipments of wheat to supply deliveries on our May future, as it would take a smaller adjustment with that market than with the Northwest to ship wheat here. It seems necessary because of our small stocks that wheat will have to come from outside points, because shipments to this market from our local territory are only negligible. There was some narrowing tendency in the May-July difference after the change in the CCC bidding was noted.

Continued showery weather in the Central States has been excellent for oats and because such a large share of the ground is already prepared for corn, it is viewed as favorable, inasmuch as it supplies better soil moisture reserves for good germination after the corn is planted. Both corn and oats May futures showed a tightness today.

Primary receipts of wheat were about 1 million bu vs. 1 1/4 million last week and 3/4 million last year. Stocks at Kansas City and Minneapolis showed 269,000 bu decrease so far this week.

UHLMANN GRAIN CO.

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CHICAGO, 4 May 7, 1948

There was nothing much in the overnight weather news. Rains had been reported East of the Mississippi but there was nothing in the Southwest. However, the official forecast is for some rains in Nebraska, Kansas, and Oklahoma by Saturday night, although our own weather man is not optimistic for much rain over those sections. There are no further crop reports, although it is generally figured that there may be reductions when the official estimates are made on Monday. In view of the fact that crop conditions are spotted, it will probably be another month yet before we can get more accurate reports, but in the meantime it looks like another total crop in excess of a billion bu, assuming normal conditions in the Northwest. We are getting rather accustomed to using the billion-bushel figure in connection with our wheat crops, but should bear in mind that if the present promise finds fulfillment it will be the fifth successive crop of that size, and apparently with large acreages and improved farming technique we are finding it easier to attain these records than formerly. The only other billion-bushel crop was in 1915, although one must not overlook the fact that with a population of about 145 million persons, we are consuming more at home than at any previous time, and the chances are that even if we have a normal corn crop next summer, we shall have to prepare ourselves for heavier feeding of wheat than before the war. It used to be considered a sacrilege to feed wheat to animals, but this is no longer the case. Moreover, a good many farmers have found that the results were more satisfactory than they had considered possible, particularly when the proper mixtures were effected.

Our government plans on minimum wheat exports during the coming season of 300 million bu. This, of course, would be a reduction from the record shipments being made in the current crop-year but still three times the normal quantity that was exported each year between 1930 and 1947. Russia has apparently seeded large spring wheat acreages in the Ukraine and in other sections, and apparently that country must be figured as an exporter, at least to friendly neighboring countries. According to Broomhall, total grain shipments from Black Sea ports amounted to 2.2 million bu in the week ending April 30th, and since January 28th to-date clearances of wheat, corn, barley, and oats have amounted to slightly over 19 million bu.

While there was nothing definite with respect to the pending rail strike, the nearby futures were not particularly strong today, and it is generally felt that if necessary the government must intervene to keep transportation moving. However, CCC showed no interest in purchasing Kansas City warehouse receipts. However, they were in the market for Gulf wheat, paying 7¢ over Chicago May but limiting their price to $2.45 1/4. Chances are that there are only trifling quantities still to be bought; therefore, they are not finding it necessary to be overly aggressive in completing their program.

We are getting some reports of delayed seeding in the Canadian Provinces, and while the moisture situation continues favorable in virtually all sections, it may mean a smaller acreage devoted to wheat, and possibly more to oats and to barley. It is hoped that with clear, drying weather, field work should be under way in practically all southern and central districts of Saskatchewan by the end of next week. However, in southern Alberta wheat seeding is only from 1 to 40% completed, and they think it may be May 25th before seeding becomes general in the north central part of that province. Even at this writing weather remains unsettled and rather cold for the season; therefore, not much optimism is expressed yet owing to the fact that conditions are backward, and in many localities operations have been almost completely held up.

Primary receipts of wheat amounted to 1,281,000 bu compared with 1,024,000 bu last week and 1,345,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 307,000 bu. Undoubtedly we shall have a larger decrease in the visible supply on Monday than a year ago, when it amounted to 556,000 bu.

Markets were a little heavy, and this was especially true of corn, although May wheat lost ground on the new crop deliveries, and on the whole volume of business was rather light. Milling demand is still very slow, and they tell us that bakery business has slowed down to a trickle, so that very few hedges seem to be taken out of the pit from this source of trade. There is still a large open interest in May oats and in May corn, considering that there is no immediate chance for deliveries. However, the big premium over the later months may bring about a settlement of positions between longs and shorts, obviating the necessity for making tenders.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 10, 1948

Canada has had considerable experience now with governmental handling of wheat crops, and as Major Strange, of the Searle Grain Company, Ltd., points out, apparently many people in that country favor the State marketing of grains because they believe it will do away with speculators, and thus do away with fluctuations in the price of grain. His personal belief is after many years of careful study that buying and selling by speculators has little if any effect on prices. The evidence, he points out, is that prices are made by worldwide supply and demand for grain, which in turn brings about fluctuations. He also forecasts that those who believe that State marketing can prevent these fluctuations are doomed to serious disappointment. He, therefore, suggests that it might pay farmers to investigate thoroughly for themselves, for it apparently means stable prices that are being paid by the State Board at country elevators in Canada will always be considerably lower than the price prevailing in world markets. He also calls attention to the fact that even at present fluctuations have been quite violent, and that the price of Class 2 wheat, which is daily adjusted by the Canadian Wheat Board, is not influenced in the least degree by any speculation, but, nevertheless, marked changes are made from day to day.

When our market opened this morning, prices were virtually unchanged. There had been a good deal of moisture over the week-end, but much of it was in areas that did not require precipitation, such as the Central States where land has been prepared for corn, but where planting has not yet been accomplished. Many people had in mind the experience of last year when seeding was late, and when corn had gotten off to a very poor start. However, we see little parallel in the two instances. Unfortunately, there had not been much rain in western sections of Kansas, although it was raining at Liberal, and it may be that further moisture may be had. The eastern part of Kansas had quite a little rain, and it looks to us, based on the planted acreage for that State, as though a crop of 150 million bu should be realized without much difficulty, although a number of estimates are still running lower. After the close of the market today, we shall have a government report but even this is sort of preliminary, and it will probably be another month yet before definite calculations may be determined.

It has been known for some time that a railroad strike in this country could not be tolerated. There are too many people in the cities completely dependent on the produce that must be moved from farms to think that our transportation could be suddenly cut off without having tremendous repercussions. At the time of writing it is not quite clear as to how the government will take over the railroads, in the event that agreements between the Brotherhoods and the Carriers are not reached to avert a catastrophe. However, steps have already been taken by our government to take over, and this was announced from the White House before our market opened. Consequently, we must assume that rail transportation will not seriously suffer. President Truman signed an executive order directing the Secretary of the Army to operate the railroads and called upon every worker to cooperate with the government by remaining on duty.

When the visible supply figures were posted, there was a modest decrease in wheat amounting to 948,000 bu. This reduces the total in all positions to 43 1/4 million bu, which is 22 million bu greater than last year. Chicago stocks decreased 78,000 bu leaving 420,000 bu here. The big shrinkage was in corn, leaving the total for all points at only 5.6 million bu, which is extremely little and is about 20 million less than we had on hand a year ago. Chicago corn stocks are now down to 1.6 million bu. In oats, a decrease of 288,000 bu was registered leaving only a little over a million bu in all positions and this shows the great scarcity of this article. Apparently coarse grains were strong today influenced by these factors. Wheat sympathized to some extent but was influenced after mid-session by further reports of rains in Oklahoma. The official at Enid up to 7:00 A.M. was 2.31 inches, and surrounding territories had about similar amounts. However, there was no relief in the Texas Panhandle and reports that we are getting from those sections bear out recent reports that the crop will not be particularly good and possibly it is too late even for rains now to help very materially.

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CHICAGO, 4 May 11, 1948

We are giving a good deal of thought these days to domestic matters, but at the same time probably more attention should be directed toward crop conditions in Europe, as it has been shipments from the United States during the past year, and in fact for several years now, they have played such an important role in price relationships at home. Weather conditions over most of Europe continue good. Timely rains have fallen over most sections, and the overall moisture situation is quite favorable. Continuation of present conditions over the next few weeks probably will result in even more optimistic forecasts of prospective yields of wheat and other grains, according to advices from Broomhall. He claims that even in the areas where earlier dryness had been causing concern, mainly in Spain and Portugal, and in parts of the Southeast, that rains have improved the outlook and the absence of complaints is remarkable for this period of the year.

It is, therefore, likely that total agricultural exports from the United States may be down 15 to 20% from the 1947 record of $3.9 billion if crops abroad turn out as well as now expected. The heaviest reduction, of course, would be in wheat, which accounted for about one-third of the exports of farm products last year. Exports of cotton, tobacco, and fruits, which were fairly small in 1947, are likely to increase in the coming season. Of course, nobody can tell just to what extent we may furnish relief abroad. It is somewhat different from when European countries have to pay for everything which they require. The Foreign Assistance Act authorizes $6.1 billion for the European recovery program and other foreign aid. This might mean that our exports will be very large again, and perhaps only very little below the 1947 record. This, of course, makes it rather difficult to have pronounced views, as nobody can be sure whether many of the foreign countries will get just their requirements or whether additional quantities may be furnished.

After the close of the market last night, the government report was issued indicating a winter wheat crop of 845 million bu. This was only a reduction of 15 million bu since April, and was considerably more than had been privately predicted. For example, Kansas is supposed to have an outlook for 148 million bu, Oklahoma 75 million bu, and Texas 49 million bu. Against these reductions more may be produced out on the Pacific Coast, and if wet weather continues we might finally have some additional improvement. The overnight weather was surprisingly good, and there was some rain in western sections of Kansas although not particularly heavy. They also had some nice although light moisture in parts of the Texas Panhandle and Amarillo claims showers were rather general in that territory, and that it was still cloudy. There was also moisture in the Oklahoma Panhandle, and in talking with one of our people in Enid, we gained the impression that with good weather that State might produce 75 to 80 million bu, which is a fairly good showing considering the uncertain start last fall.

CCC bought 345,000 bu wheat through their Kansas City Regional Office yesterday, which was quite a large quantity, considering that the premium of 7¢ over Chicago May, basis gulf, was not too attractive. Today's operations indicate that similar prices are being paid, so that together with the quantities being purchased in the Northwest, accumulations remain reasonably good.

There is some agitation in the Argentine to have the government return grain business to private hands. Wheat and flour shipments from that country last week were slightly over 3 million bu. Since August 1st, 78.6 million bu has been exported compared with 32.8 million bu last year, and 97.2 million bu average during the five years, 1931-35.

Primary receipts of wheat amounted to 1,841,000 bu compared with 1,537,000 bu last week and 1,240,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 85,000 bu.

Trade was again very moderate and the main feature was the strength in coarse grains. Our advices from Illinois are rather optimistic with respect to corn planting. Little has been accomplished so far as it seems to be cold and wet but the normal time is generally from the 10th to the 20th of May and apparently farmers will start as soon as weather permits as the land has been prepared. However, this does not relieve the tight cash situation with #2 Yellow corn selling 8¢ over Chicago May. There is only 443,000 bu in the contract stocks in both State and Federal elevators, only 35,000 bu oats here and 122,000 bu of wheat. With the nearby deliveries strong it finally had some influence on the wheat market despite the bearish government report and the overnight rains.

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CHICAGO, 4 May 12, 1948

There was nothing particular in the overnight news. More than an inch of rain was reported in Fort Worth, Texas, but nothing much elsewhere Southwest. However, there has been some slight relief in the Texas Panhandle, and it appears as though clearing conditions are setting in, with possibly higher temperatures. The same should be true in the Central States with somewhat warmer weather forecast generally by tomorrow afternoon with an end to the rain. This should give some encouragement to farmers in the corn belt, although it will probably take a week or so before they can become busy in the fields. The crop report issued two days ago indicates satisfactory progress of spring work during most of April in virtually all of the country East of the Rockies. Weather conditions that fostered field activity, however, were somewhat adverse for winter wheat in parts of the southern Great Plains. Elsewhere the condition of fall-sown crops is mostly good to excellent, although grasses, meadows, and pastures have developed a little slowly in the North. Hay stocks remain fairly large for the country as a whole, in spite of heavy late feeding requirements, which have nearly exhausted supplies in some sections. We must still regard the coming winter wheat crop as a very satisfactory one, and while the indicated yield of 845 million bu is considerably smaller than the 1947 crop of 1,067 million bu, it compares with the ten-year average winter wheat crop of 688 million bu. Actually throughout the main wheat belt of central and western Kansas, except for those counties bordering Colorado, much of the wheat was seeded in the dust and failed to emerge until late March. This all proves that even though we had a poor start and some adverse weather, the fine moisture conditions over the winter were a great help.

Little has been said about rye production but a crop of 26 million bu is forecast, and this is not particularly large when compared with prewar conditions. The government calls attention repeatedly to mechanized equipment that is being used. Of course, this is a big factor in getting the work done rapidly and efficiently. In some sections of the South and Southwest, seeding of oats has been badly delayed and possibly some intended grain acreage was not sown, but apparently much was shifted to later crops. Most people in the corn belt feel that the moment the land dries out sufficiently, corn will be sown with the utmost dispatch, and probably with all the moisture in the ground germination will progress rapidly.

When our market opened this morning everything was very steady, and it is still felt that grain supplies at terminal markets for delivery purposes are extremely small. This is particularly true of corn and oats, and we are not too fearful of wheat as the Southwest movement has been larger during the past two or three days and heavy receipts are useful because of the comparatively large quantities that have been purchased by CCC, and which might otherwise have caused a rather tight situation. At present premiums the government is not buying very much wheat, although 140,000 bu was acquired at Kansas City yesterday. At the present relationship between Kansas City and Chicago, it does not look as though any wheat might be coming here in time for delivery purposes. Therefore, the outcome of the Chicago May future is still very much in doubt. Likewise the open interest is being liquidated rather slowly.

In the Northwest weather during the past two weeks has been uniformly good, with many areas reporting frosty nights. There is some concern expressed about lateness of the season, particularly in northern sections, but a few warm days might easily change the outlook. No area is suffering from lack of moisture. However, some apprehension is expressed that unless this favorable weather is obtained soon it might reduce the amount of spring wheat to be planted.

Primary receipts of wheat were somewhat smaller at 827,000 bu compared with 652,000 bu last week, and 558,000 bu last year. Kansas City and Minneapolis so far this week show a total decrease of 153,000 bu.

Markets were firm right from the start. Coarse grains led the way again. This is chiefly due to the small supplies at terminal markets, with shorts probably taking the initiative and evening up contracts during the last nine or ten days of this month. This had a stimulating effect on wheat, with no pressure from the country, and the May delivery gained a little ground on the new-crop futures. We rather believe that July corn and new crop oats will be strong after the May deliveries go off the board. The price of futures will be determined by the cash, and unless there is some marked improvement in offerings we see little chance for much relief. After corn planting has been finished there may be a movement, but right now country offerings continue light.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 May 13, 1948

Our weather man voiced the opinion that prospects for clearing weather in the corn belt were better than for some time, and likewise higher temperatures are in sight. Should this forecast materialize it will undoubtedly expedite quick planting of corn, as we understand that the land is pretty generally prepared and farmers are anxious to get their seed in the ground. So much depends this year on a good corn crop that it is of the utmost importance that we get a big yield, as everyone knows what the shortage last year meant, not only to the feeding situation, but also to price relationships of other grains. The disappearance of oats has been tremendous, and we have hardly any reserves either at markets or in the country. This means that the oat crop in July will have to serve a double purpose, not only for the usual requirements of that cereal, but also as a substitute for corn. It is not possible to tell just how much extra wheat was fed because of the corn shortage, but undoubtedly this was an important factor, and it is, therefore, logical that the trade should watch with keen interest further developments. Some inconsequential rains were received in parts of the Southwest, but the official prediction suggests the likelihood of moisture for western Kansas and parts of Nebraska. This, of course, would be helpful, and likewise rains in the Texas Panhandle would bring some benefits to the late crop, although we notice that the first wheat was harvested yesterday at Olney, Texas, in Young County. The yield of this grain was only 12 bu per acre, and is not very encouraging, particularly after the fine results that were obtained from that territory a year ago. Last year when Texas raised 124 million bu, it was about one-fourth as much as we exported from this country, and it may be some time yet before similar production is recorded, but nevertheless, it shows the potential possibilities for that state. This year's crop while small in proportion, is still quite large on basis of previous records.

There is not much apprehension about a sharp break in farm prices, and much of the pessimistic feeling that occurred last February has been dissipated. At that time the question arose whether the economy, and especially the agricultural segment, was entering a postwar downward price adjustment as we had after the first World War, but as the Federal Reserve Bank of Chicago, in its monthly review points out, conditions are materially different from the 1920-21 experience. Then there was not only one sharp downturn but a series of several breaks month after month, and moreover a tendency for the drops as measured by percentage declines from the previous period to increase their intensity. The same study points out that there is at present a continued strong demand for most farm products, and that as long as employment and incomes remain high it may be expected that the demand for farm goods will also remain high. Accomplishment of the European recovery program will help sustain demand, and while some declines in farm prices generally may occur within the next several months, especially with declining farm exports, any postwar collapse comparable to that of 1921 appears for the present to be indefinitely postponed by the force of currently strong factors.

Virtually all reports from Europe remain optimistic with respect to weather and crop. According to Broomhall, very few years were as propitious as the current season and timely rains have fallen even where some droughts threatened for a time. The Moscow radio announced that Russia had seeded 3 million more acres to spring wheat the last year, and sometime ago it was claimed that an increase of 8.6 million acres to winter wheat had been accomplished. Thus demand from Europe will be somewhat smaller from now on because of these fine prospects, although just before harvest will still be a critical period. Outside of occupied Germany, European food conditions are better than a year ago.

Primary receipts of wheat amounted to 997,000 bu compared with 1,032,000 bu last week, and 760,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 135,000 bu.

There were times when markets were a little reactionary today, following yesterday's short covering. This was prompted by reports of additional rains over parts of Kansas; likewise, a slightly easier premium basis for ordinary wheat at Kansas City, and some lowering of premium basis on oats here in Chicago. However, there was no pressure to speak of, and May wheat for the most part rules very firm, indicating that shorts were not finding it too easy to get covered. A few hedges may have been taken out of the pit today against flour sales, but on the whole mills report only limited business put through. The corn-hog ratio at Chicago is 8.2 vs 8.4 last week, and 13.3 last year. This is not very advantageous, but supplies of corn at markets are small.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 14, 1948

The European recovery program plus aid to Greece, Turkey, and China calls for an expenditure of $6 billion. This outlay will be a sustaining force to our export trade, which since a year ago has shown an irregularly downward trend. Another possible stimulant will be provided by a reduction in income taxes of about $4.8 billion, and of this amount it is considered likely that possibly two-thirds may be spent, thus increasing general industrial demand. At the present time there are about 57.3 million people usefully employed, andthe situation has improved to some extent since March. The index of about 900 commodities compiled by the U. S. Labor Department, is now 111% above 1939 and 11% above a year ago. The future trend of prices will be largely governed by the magnitude of the defense program and by crop developments, neither of which can be too clearly defined at this time, although as we have mentioned recently, it looks as though another billion-bushel wheat crop would be harvested, and in all likelihood with normal weather this figure may reach ,100 million bu, which would be about enough to take care of domestic consumption and exports of 300 million bu, thus leaving us with the same reserve supply one year hence. The amountto be spent for military purposes will be determined by the course of events abroad as interpreted by our military exports and by the Congress, but apparently the President has already asked for large sums of money, and thus there does not seem to be much reason to expect that a postwar depression is yet in sight. The stock market has apparently appraised the situation in a similar vein, and we have had higher prices for securities during the past few weeks.

News from Europe remains universally good with respect to crops, and we should not be surprised if the total wheat harvest were in the neighborhood of ,400 million bu, which would still be somewhat smaller than the prewar average but would be some 40% greater than last summer. In Canada intentions to plant are somewhat lower than had been hoped for, and taking the long time per acre average yield, it would indicate a wheat crop for the Prairies of 361 million bu, or about 80 million bu for the entire country. Of this quantity 140 million bu is promised to Britain under the bilateral agreement, and probably 150 million bu would be consumed at home, accounting for 290 million bu, leaving only about 90 million bu to be shipped to other parts of the world. However, it is reasonable to suppose that Southern Hemisphere countries will produce enough to provide some surplus, which will be available after January, and thus with some help from Russia, we are not looking forward to the same demand as was experienced in the current season.

Black Sea shipments for the week were 3 1/2 million bu all grains, of which 1 1/4 million bu each comprised barley and corn, close to 3/4 million bu wheat, and less than 1/2 million bu oats. Since January 28th when the movement first started, the total has been 23 million bu, and in addition to this Russia is shipping grain all-rail to European countries, which helps toward supplying some of the deficit countries.

The overnight weather was generally clear, and the forecast for the corn belt is extremely favorable, which gives us reason to believe that planting may be resumed within a matter of days except for the extremely wet areas. Some showers are likely for western Kansas and southern Nebraska starting tomorrow or by Sunday, which, of course, would be very helpful.

Primary receipts of wheat amounted to 1,085,000 bu. This compares with ,281,000 bu last week, and 1,014,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 166,000 bu. When the wheat visible supply is posted next Monday, it will compare with last year's decrease of ,200,000 bu.

Trade was not particularly active but at times there was firmness probably in sympathy with the higher stock market. The CCC purchases in the southwest were quite heavy yesterday and they bought 425,000 bu. In addition to bidding for Gulf wheat, they are willing to take wheat in-store at Kansas City at 9¢ under Chicago May with warehouse receipts to be delivered by May 31st. This is having a tendency to tighten up the nearby deliveries and may occasion some difficulty in the Chicago May futures as we have only 122,000 bu contract wheat here and additional buying may tend to be disquieting. Today's operations were based on the same premium basis and our May wheat is rather firm compared to July, but of course, in June when new wheat starts to move everything may change. The buyers of cash corn seemed to be a little less aggressive.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 17, 1948

A decisive trend in wheat is not expected to be evident until several factors become clearer. New crop wheat futures values are close to the probable loan level, therefore, it should not be expected that the market could break very far in view of announced intention of sizeable exports from the coming crop. Buying has not started by the government, and we believe they have bought nothing for interior shipment past the 31st of May. The purchases to-date, however, are sufficient to complete the current season's program of exports. There is still no assurance of the size of our new crop. Spring wheat seeding is not yet completed either in the Dakotas or in the Pacific Northwest, and reports from the Southwest winter wheat show a great amount of uncertainty. In many areas deterioration is continuing and plowing up of fields is reported in some sections. That area not only complains of lack of moisture for wheat, but other crops, such as oats, which were recently seeded, are also suffering. Overnight very good rains were reported in the Texas Panhandle, which come at an opportune time and will no doubt save many fields, and the same could be true farther north in Kansas if rains materialize. The ECA planners seem to have a rather ambitious export program for this country the coming season, and the amounts they tentatively have in mind for export run about equal to what could be spared from our new crop and provide for little change in our carryover a year hence. In any event they seem intent upon furnishing the buying power in this country, and probably believe that in spite of a very much better outlook for crops in Europe, they can ship large amounts to Bizone Germany to whom we are supplying 120 million bu this current season; then Italy and Greece, etc., high on our list, will no doubt get a large share of their imports from this country. So what wheat and flour the government buys in this country it seems can be shipped abroad without competition from other exporters.

Up to May 6th, exports of wheat and flour from the four large shippers: the United States, Canada, Argentina, and Australia, but exclusive of Russia, were 624 million bu as against 520 million bu this time last year. The season's total to August 1st last year was 720 million bu; so it seems likely that these exporters will supply as much wheat as 827 million that was put in world channels two years ago, and in addition to this Russia will also supply a good amount. Hearings are now taking place in Washington on the World Wheat Agreement, which would give the United States an outlet for 185 million bu per year for five years. We have often expressed ourselves as believing these agreements are unworkable, and we can see in the general pattern set forth by various price incentives and quotas, etc., that great reliance has been placed on the United States production, yet our normal share of world trade is considerably less than 185 million bu per year.

The recent intentions of Canadian farmers to sow various crops this year indicate a swing away from wheat toward feed grains. That country used to be the chief exporter of wheat, and under the International Wheat Agreement, the price incentive would continue to discourage wheat production, as their farmers would eventually receive remuneration only basis the $2 maximum price for the first year, whereas in our country our producers still get a considerably higher level by reason of loans supported by our high parity. These activities by governments in addition to natural changes handicap the success of international agreements, and this attempt is especially hazardous with Russia and Argentina both outside the agreement.

Pit trading in May futures will end this Friday and at this time it is not clear where deliveries will come from. Wheat stocks in Chicago are only 330,000 bu and probably only about one-third of this is contract grade. Corn and oats are still commanding premiums in the spot market; although shorts have until May 29th in which to make deliveries, they will have to see their way clear in doing so before pit trading stops on the 21st. Under the conditions, it seems likely that we will have a nervous market in the May futures for the next few days.

The visible supply of wheat decreased over 2 3/4 million bu and it is now 40 million but still double last year. Corn stocks decreased a further 676,000 bu leaving less than 5 million which is only one-fourth of last year. Oats stocks showed 14,000 bu increase but there is still only 1 million bu and this is one-fourth of last year.

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CHICAGO, 4 May 18, 1948,

Not so much is heard from week to week with respect to European crops, but according to the Office of Foreign Agricultural Relations, the outlook in early May continued good over most of Europe and the Soviet Union. This authority claims that if favorable conditions predominate in the coming months, the 1948 bread grains, consisting of wheat and rye, should surpass the 1946 figure. Of course, last year was a very poor yield, and, therefore, the comparison is not favorable in itself, although the crops are likely now to be about one-fifth short of prewar average. Considering an increased population, it would make the reduced production more significant on a per-capita basis. Consequently, the need for imports will continue, although undoubtedly will be on a smaller scale as compared with the current season. In France, rainfall had been deficient through February and March but it was above normal in April, and growing conditions are now reported excellent. The outlook for grain and hay crops, as well as pastures, is very good and general optimism is being expressed. Broomhall's advices are to the effect that yields will be sufficiently good to eliminate any need for imports from the Western Hemisphere next season. Possibly 293 million bu may be harvested this summer. In Italy, growing conditions were good for all crops during winter and early spring, and the wheat outlook continues favorable. Clear, warm weather in March was followed by beneficial rains in April and early May for most of the important areas.

Here, at home, many comparisons are being made with last year's bumper yields, and, of course, this is a mistake that we so often make rather than taking a long-time view embracing average years. Nevertheless, we must not overlook the fact that a total of 78.5 million acres of all wheat is either reported seeded or will be seeded for next summer's harvest. This includes the prospective spring wheat acreage and on March 1st, growers stated that they planned to seed nearly 20 million acres of all spring wheat. For the past four years very large yields, and in fact, record crops were produced. At the present time, taking the country as a whole, and only figuring average results on present prospects, we may still produce the third largest crop in our history. No official estimate of spring wheat production will be made until next month, but accepting the government estimate of winter wheat of 845 million bu, and projecting spring wheat yields on prospective acreage, it should bring the total wheat crop up to 1,117 million bu. A crop of this size was exceeded only by the 1,365 million bu produced last year, and the 1,153 million bu in 1946. However, the winter wheat crop is unusually late, and consequently would be unusually vulnerable to hot, dry weather; thus we can only give out preliminary estimates at this time.

The government plans under the European Recovery Program to ship at least 300 million bu during the next crop-year. However, on basis of production figures just cited, and figuring that our domestic disappearance next season will amount to only 775 million bu, we could even export 340 million bu in the 1948-49 season and still have the same reserve one year hence as we shall have on hand this coming July.

Moisture conditions in the Prairie Provinces are reported as excellent. However, some concern is being felt regarding the late spring in the west where seeding has been delayed.

The writer just returned from Texas and in many sections wheat will be moving within the next week or two. However, a good many dealers are of the opinion that there will be no great urge to sell at prevailing levels, and that possibly large quantities will be placed under the loan or may be held for higher prices. This, of course, is on the assumption that parity figures will not change much between now and the time the loan is computed.

Primary receipts of wheat amounted to 1,162,000 bu compared with 1,841,000 bu last week, and 1,281,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 47,000 bu.

Trade was rather moderate today but strength in May corn was a factor and likewise a good many people still remembered some of the pessimistic reports which came from Kansas yesterday with the result that little buying came into the pit without any additional pressure from the country.

The CCC bought rather heavy quantities in the Southwest yesterday, nearly 2 million bu of wheat in the period ended noon Monday. This likewise was construed a little bullish with the result that May wheat kept pace fully with the new crop futures. Oats were somewhat indifferent and while there are no large quantities from the Northwest that might come here, there is at least that threat. A broker acting for one of the industries, was apparently selling the May against pur-

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CHICAGO, 4 May 19, 1948.

There is no special grain news overnight except that some warm weather ad been reported over parts of the Southwest, and apparently still higher tempera- ires are in prospect for today. This coming at a time when there is little chance or relief is probably causing some deterioration, although scattered thundershowers re forecast for tonight, but our own weather man is not very optimistic as to any eal relief being afforded. In fact, thundershowers are so often scattered, and in ome places may be so light that there seems to be a little more bullish feeling eveloping, particularly with the May futures still rather tight. This may be the ase until the nearby deliveries expire on Friday.

Despite the poor corn crop we raised last summer our total shipments f all grain for the season will probably be larger than last year's record export oal, and as the Bureau of Agricultural Economics points out in today's report, the heat and flour program has been increased to 482 million bu, together with an stimated 95 million bu for other grains, which would make a grand total of 577 illion bu, or more than was ever shipped from the United States in any one year. ooking ahead we cannot be quite so optimistic with respect to the crops, as was he case a few weeks ago, although with the seeded acreage estimated at 78.4 million cres, it is about 1% above the average of the previous three years. Therefore, we hould still have reasonably good results, although possibly less wheat will be har- ested than in those years when weather conditions were almost perfect from start o finish. The world is no longer burdened with the tremendous reserves, and in ct, the demand for bread grains has made it possible for the exporting nations to et rid of almost everything that was raised, according to B.A.E., and there is ttle deviation from that course for the next twelve months. For example, on July , 1943, stocks in the four principal exporting countries were at record of 1,740 mil- n. Two years later, however, due to war conditions and other factors, reserves ere down to 824 million bu. In 1946, a further reduction brought stocks to 386 illion bu, and in 1947 we had only 379 million bu. This great reduction, of course, as caused by u nusual demands, not only due to the war, but also, the poor crops n Southern Hemisphere countries, Europe, and elsewhere. These stocks on July , 1947, were the smallest since 1938, and were about 20% less than the 1935-39 verage of 458 million bu. With the growing population not only in the world, but n this country, it may be some time before these vast accumulations take place gain. There is certainly no reason to worry at this time even assuming that Canada hould come through with a better crop than last season, as world shipments will ndoubtedly continue heavy. There will be some reason for hoping that European eserves can gradually be replaced, but, of course, that may not work until after heir own rations have been increased.

Here, at home, we had 478 million bu wheat on hand April 1st of this ear. Of this quantity about 105 million bu are expected to be used for food, about 3 million bu for seed, and about 115 million bu for export. Feed use may be as uch as 60 million bu, and thus on basis of the disappearance, BAE figures that carryover of 175 million bu is possible on July 1st next. This would compare with he ten-year prewar average of 235 million bu.

Primary receipts of wheat today were 826,000 bu compared with 827,000 u last week and 484,000 bu last year. Kansas City and Minneapolis stocks so far his week show a net increase of 14,000 bu.

There was no special feature to the market but we expect erratic fluctua- ons for the balance of the week. May corn is still strong but bookings from the ountry finally amounted to about 265,000 bu, although earlier higher figures had een mentioned. The reports from the corn belt are quite optimistic with respect o planting, and apparently good progress is made except in a few isolated sections here there is still water standing in the fields. Locals pressed the short side of he market and some stop-loss orders were encountered, but otherwise there was no articular news. There is still a very large open interest in May corn, wheat, and ats, which means that there will have to be considerable evening-up. Thursday and riday, as we doubt whether enough grain can be tendered to satisfy the present pen positions, as there are very small stocks of all grains here in Chicago that ould be delivered.

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CHICAGO, 4 May 20, 1948

The Department of Agriculture in its last report pertaining to the wheat situation gives some rather interesting data. Much of it is probably remembered by those in the grain trade, but even at the expense of repetition we should like to call attention to what they call the background, as sometimes we are apt to forget the tremendous advances in price that have occurred since about the beginning of the war. For example, the average price of wheat to growers in 1940-41 was 68¢ per bu, and gradually advanced to a record high of $2.81 in mid-January 1948. As they point out, until 1943-44 the loan program was the most important factor in domestic wheat prices. However, beginning in that year heavy export of wheat resulting from war and postwar conditions had become the chief price factor, although domestic use had been above average. The 1947-48 price reflected a reduction in supplies of food grains, additional demand resulting from the lack of corn and other grains for export, and the rise in the general price level. They also point out that cash wheat prices now are only slightly above the low on February 13th, or $2.30 for #2 hard winter wheat in Kansas City. Their analysis based on index of prices for the farmers and other factors for determining wheat parity for the loan brings them to the conclusion that on basis of 90% of parity loan, it would amount to about $2.22 for #2 hard winter wheat in Kansas City. This also would take into consideration any adjustment for increased freight and handling charges. While it is always possible for wheat to sell temporarily under the loan, particularly at the beginning of the season when the movement is on, it is our view that whenever our September or December wheat get close to $2.30 per bu, the risk of ownership is minimized, and particularly with some crop scares still confronting us.

The overnight weather was about as had been expected. Practically all localities reported clear skies. Temperatures had been fairly high yesterday, and there is little likelihood for rain, although scattered thundershowers are forecast for parts of Kansas. Some experts are talking of deterioration, but on basis of 12 million acres in Kansas, we would not regard a crop of 140 to 150 million bu as difficult to obtain as this would only mean about 12 bu per acre and is already so low because of some adversity which has befallen the crop up to now. As we pointed out a few days ago total domestic disappearance of about 775 million bu is being forecast by the Department for next season, and on the assumption that we finally produce 1,117 million bu it would provide 340 million bu for export or for additional carryover one year hence. The present program calls for at least 300 million bu wheat exported and in this connection it is interesting to note that shipments of that size are extremely infrequent, and that our net exports have exceeded 300 million bu, only in the crop years 1914-15, 1920-21, and in the three years beginning with 1945-46. In thirty-five years since 1909, leaving out the years of net imports, our net shipments averaged 169 million bu. However we should remember that from 1930 to 1947, by which time our population had risen, and which also included the period of the drought years, our exports averaged only about 100 million bu each year.

CCC purchased 410,000 bu wheat in the Southwest for the period ending noon Wednesday, and today they are bidding 19 over Chicago July, with the price not to exceed $2.32 3/4. Thus it is quite evident that they are getting moderate quantities each day, although they have not yet extended their program beyond the 1st of June. They do, however, show keen interest for later positions and rumors are current that the Federal Agency may embark on a more extended buying scheme very shortly. As one of the important milling papers stated, there was a hint of interest in all June positions around 10¢ over Chicago July for #1 hard wheat in store. Meanwhile a little more wheat is moving in Texas, and yesterday the first car of wheat from Wichita County was delivered. It yielded about 14 bu to the acre and tested 63 lbs with 14% moisture.

Primary receipts of wheat today amounted to 1,346,000 bu compared with 997,000 bu last week and 835,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 89,000 bu.

Kansas City and Chicago May wheats have widened to the shipping difference yet there does not appear to have been any wheat worked to come this way and time is getting short for any large quantity to move. The purchase of cash corn does not seem to be sufficient to satisfy May futures requirements and the aggressiveness in evening up futures contracts has been coming from shorts.

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CHICAGO, 4 May 21, 1948

In order for the proposed International Wheat Agreement to become law, it will have to be ratified by the Senate, the same as a treaty, by a two-thirds majority, and nobody can tell at this writing how the matter will finally end. We are told that observers at the hearings have been impressed by the strength of the arguments in opposition to ratification, but on the other hand support is coming from the Department of State, the Department of Agriculture, and from certain farm organizations. At a time when the wheat loan in Chicago would probably be higher than $2.25 per bu and the export price at the Seaboard, based on the Wheat Agreement, would be about $2 per bu, it is quite evident that government subsidies would be necessary right at the start. However, considering that we are one of the three important exporting nations, it seems quite unfair that of the 2,000 votes that would be voiced in matters of policy, our country would have less than 400. It also seems ridiculous that the thirty-three importing countries, which naturally want lower prices, might be in position to turn about and buy their wheat and flour from Russia and from the Argentine, the latter two countries not being willing to go along as signators. It is figured that the American government may find it necessary to expend as much as $165 million in the first year if a plan becomes operative. The head of the Millers' National Federation estimated that the subsidy could soar to as much as 90¢ a bu in the first year if American wheat were discounted below Canadian, or if our domestic price went above the loan price, or if international prices sunk below the maximum. It was stated in Washington that the plan, if put through, would curtail competitive advantage that we have gained during the years of improved demand. Furthermore, the regulations and controls that would be required to make the agreement function would be such that it might become necessary to rebuild our export flour markets on an entirely different basis. Moreover, it would not prevent the so-called uneconomic production of wheat in the importing countries.

At the present time our markets here are being influenced by adverse crop reports being received from the Southwest, and some of these are even coming from Colorado where heretofore the outlook had been quite good. Apparently rain is needed over wide sections, and there is no immediate relief in sight. A few scattered showers had been expected for Kansas but did not materialize. Some may be had tonight in Nebraska but the map does not indicate that even for the next five days precipitation will amount to much. In Canada moisture conditions have been far superior to ours, and the Searle Grain Co. Ltd. states that from April 1st to May 17th rainfall for Alberta stands at 133% of normal, Saskatchewan 111%, and Manitoba 161%. As a result both the Canadian Pacific and the Canadian National Railway reports are reasonably optimistic, although indications are that the total crop for that country will be somewhat less than 400 million bu.

The CCC continues bidding for wheat, although their basis was 2¢ per bu lower this morning. Their price based on July at $2.34 1/4 maximum was on basis of 17¢ over Chicago July for May 31 for wheat delivered at the gulf, and apparently they found that purchases yesterday had amounted to over a million bu; thus they are not quite as aggressive and have reduced their ideas. However, they are now buying for June shipment, willing to pay 10¢ over Chicago July, delivered Galveston.

Primary receipts of wheat today totaled 1,123,000 bu against 1,085,000 bu last week, and 624,000 bu on the comparable day of last year. Wheat stocks in Kansas City and Minneapolis show a net decrease of 55,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 3,417,000 bu.

Interest today was centered around May liquidation, and the market closed without any undue excitement, although shorts who waited until the last few minutes to cover their oats and corn were forced to bid up above last night's close. New-crop months of wheat were quite strong throughout the session and reflected a lack of moisture in the Southwest.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 24, 1948.

There was quite a little overnight news. It seems that good rains visited parts of the Southwest, and moisture was reported in Texas, Oklahoma, and Kansas. In some places it was quite heavy, and while the general belief is that rains in Texas are probably late to do very much good; nevertheless, they should help some, while in districts farther north considerable improvement might still take place. Our people in Texas tell us that some fields are very good, elsewhere the story is a pessimistic one, and probably the government estimate of 45 to 50 million bu is about all that we can expect for that state. From Memphis, Texas, to Wichita Falls there is a possibility for an average crop; in fact, almost up to last year, but this situation is far from general. On the South Plains going from Lubbock to Plainview, thence to Tulia, Silverton, and on into Amarillo, the crop is still two to four weeks from harvest, and one of our men believes that rains would still do a lot of good in that section, and just at the time he wrote us they were starting to get a nice slow rain in Amarillo. This morning further moisture was reported, with as much as one inch in parts of the Texas Panhandle.

This all had a somewhat bearish influence on the market this morning, although the government announced an interim loan for wheat, with the farm price $1.96 3/4, making it $2.23 at Kansas City and $2.28 at Chicago. Final figures will not be given until later on, based on the June 15th parity, but at least this is an early indication of what we may expect, and it looks as though farmers in many districts would be inclined to store wheat, or else take government loans. Therefore, it remains to be seen how much pressure we shall have on markets later on. In oats we figure that the loan is about 7¢ per bu higher than last year. While it is not yet available for counties, we figure that the price in Illinois will run from 70 to 72¢. If we accept an area that carries a freight differential of 5 3/4¢ to Chicago, plus some charges and commissions, thus adding another 10¢ a bu to the farm price, it gives an indication of what we may expect in the season ahead. Of course, some of these oats may move to market on a cheaper basis, and in view of the fact that the loan is based only on the farm price, it adds a little more speculation to the picture.

The CCC today was willing to take wheat, paying 15 over July, with a maximum price of $2.33 1/2 (for the future) delivery in May, and was also paying 12 over July for wheat delivered first half of June, and 10¢ over July for all-June shipment. These latter prices are not too attractive but yet a fairly large business was reported in the Southwest, and CCC bought 2.6 million bu in the period ending noon Friday. Thus their accumulations are continuing at quite an active rate.

When the visible supply of wheat was posted, there was a decrease of only 281,000 bu, considerably less than last year. Total stocks in all positions are now 40 million bu, or 24.5 million bu more than was on hand a year ago. Chicago wheat stocks decreased 17,000 bu leaving only 313,000 bu here. In corn, the visible decreased 417,000 bu. This reduces total stocks in the country to 4 1/2 million bu against 17 1/4 million bu a year ago. In oats, there was a slight increase but the total visible for the country is only 1 1/4 million bu and it shows that there are hardly any coarse grains at terminal markets, plus the fact that the country is selling very sparingly. There is, however, some satisfaction in realizing that corn planting is making good progress and our reports from downstate are quite optimistic so that with a few more days of good weather this work may be completed speedily.

In wheat, there was very little tendency to the market although prices were reasonably firm and breaks did not extend very far, probably the trade having in mind that we are too close to the probable loan to expect much on the bear side of the market. They started trade today in May futures for 1949. In wheat, this deferred delivery sold at a discount under December indicating the general view that we are not going to have a year of burdensome supplies or carrying charges.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 25, 1948

The overnight moisture was not entirely unexpected, although the rains in Texas and in Oklahoma were probably heavier than had been anticipated. While it is difficult to predict how much improvement may be expected in Texas due to this precipitation coming late, it is still regarded as being very beneficial for milo and unquestionably we may now expect a large acreage to be planted. Rains in Oklahoma will undoubtedly be beneficial, and while they did not cover all areas, surely many points have been relieved, and we note that as much as 1.78 inches fell at Guymon. In western Kansas, rains were spotted, probably the heaviest were around Liberal, where there was 1 1/2 inch reported, but they also wired us that all points in that area had received ample moisture, and that elevator men in southwestern Kansas and Oklahoma believe that the outlook had improved by 3 to 5 bu per acre. Likewise, that abandonment in that section would be small.

The trade is not paying too much attention to improved weather, and this has been the case now for two days. Very likely this news is overshadowed by the large business being handled each day by CCC, and we note that their purchases were again heavy yesterday, with over 2 1/4 million bu bought through the Kansas City Regional Office. Their price today was based on July at a maximum of $2.34 1/4, premium of 15¢ for shipment or warehouse receipts by end of this month. Otherwise the same conditions as yesterday for June, and apparently this is attracting offerings from the country, although we doubt whether terribly much grain is moving yet. It will probably be a few weeks before the harvest is sufficiently well along to bring more cars to market. Today 9 new cars of wheat were received at Enid. They all came from southwestern Oklahoma, probably around Frederick; so it can be seen that it will not be too long before heavier receipts will be had.

It always is difficult to get complete stories of moisture when thundershowers occur, but one of our friends in Hutchinson told us that there had been good rains around his stations, and we take it that the drought has at least beenpartially relieved. In the Northwest, the situation is also satisfactory, although some points in southeastern Montana and in SouthDakota are asking for rain, but as yet no serious complaints have come to hand. They had a few daysof high winds that probly did some damage on the lighter soils, but this was relatively unimportant. We have also been told that the largest portion of the Montana winter wheat crop had been treated chemically for weeds, and apparently this met with success. Our informant figured that a new development of this kind might easily add 3 to 5 bu to the acre to yields. From all his reports he judged that Montana had about the best looking winter wheat that they have ever had. All in all, he was well satisfied with the present condition of the crop, although made the reservation that if no rain were received this week that there might be some complaints, but on the whole dry weather up to now had done nothing but good, as it permitted seeding operations to be completed.

Primary receipts of wheat amounted to 1,442,000 bu compared with 1,162,000 bu last week and 1,011,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 26,000 bu.

Markets were not particularly active on either side, and we rather expected that this would be the case. Ordinarily when moisture was reported over such widespread areas we might have had a 3 to 4¢ decline, but in view of the fact that there is no enthusiasm on the bear side, one can appreciate that with wheat selling within 4 to 5¢ of the probable loan, at least for new-crop deliveries, anyone who might otherwise be bearish is restrained in his activities. We may find that when the wheat actually moves, pressure will carry prices temporarily below the loan level, but for the time being government activity, which is taking some hedges out of the market, seems to be somewhat of a sustaining influence.

Corn was steady and there is still not much movement from the country. Later on when field work has been accomplished, we may have a better run, although there is a difference of opinion on this subject. For the time being we must satisfy ourselves with the knowledge that terminal stocks of wheat and oats are so light that a good many traders are pursuing a cautious attitude. The deferred futures of both corn and oats were the strongest, influenced by spreading operations.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 26, 1948

Overnight rains in parts of the Southwest were helpful, but unfortunately they occurred in most of the same places as the rains a day earlier. This was mostly in southern Oklahoma and parts of Texas, while little more precipitation was received in Kansas. Weather conditions now are clearing, and for the time being trade seems to be paying more attention to other factors.

The government keeps buying wheat at the same prevailing premiums as heretofore, and yesterday through their Regional Office at Kansas City, they purchased 1½ million bu wheat, which is quite an item at the tail-end of the season and before new pressure has started. Whether they will continue to buy after the 1st of July is somewhat problematic, but in any event we shall still have the CCC operations during the month of June, and according to previous estimates they may buy as much as 50 million bu for overseas relief, and the chances are that even if the export trade is returned to private hands, the government will still buy certain quantities for the occupied zones and for the Army.

It is too early yet to have very definite views on European production. The other day Broomhall estimated the French crop at 293 million bu, although some forecasts run as low as 256 million bu. In any case it will be almost twice as great as last year's production, which was variously estimated from 117 to 150 million bu. Some people in Italy are talking of the possibility of a record wheat crop, while in Bulgaria and in Rumania they have had some very good moisture, with even some flooded conditions reported in the former country. Russian conditions seem to be favorable on a considerably larger acreage.

Here at home the BAE feels that food will be more plentiful, as supplies of many foods increase seasonally during the late spring and summer months. For 1948 as a whole, food consumption per capita may be slightly lower than last year but still is expected to be about 12% above the prewar level. Consumption of most dairy products, poultry, and meat will be smaller than last year. The same authority in Washington points out that with the continued high level of economic activity in prospect, no sharp decline in retail food prices is likely during 1948. Some seasonal declines in flush production periods are to be expected.

This psychology seems to be current in the wheat market, and even though the government lowered the interim wheat loan by 3¢ per bu late yesterday, it had very little effect on our market this morning. The present loan for wheat at Chicago would be $2.25 per bu, slightly lower than had been announced a few days ago, but still there seems to be no particular pressure from the country yet, and sometimes the declines even if they come are delayed until we actually get the movement following the harvest. Thus we are going through a rather quiet period right now, as even those who are bullishly inclined prefer to wait until the price gets closer to the loan level. Moreover, there are still some crop uncertainties at home, as for example, in parts of the winter wheat belt where we have not had too much moisture during the past few weeks. We are thinking now of Nebraska, where the State report claims that the crop deteriorated considerably because of no rains and high winds during the past week. They say there was some relief from recent moisture, mostly north of the North Platte River, but that the outlook for late-seeded wheat in the eastern half of the State has not been good at any time because of thin stands and weeds and the need for a heavy general rain.

Primary receipts of wheat were a little smaller and amounted to only 647,000 bu. This compared with 826,000 bu last week and 481,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 101,000 bu.

Trade in wheat was rather light and we believe most of the strength was derived from coarse grains. There seems to be no pressure in corn. Not much is being offered from the country. This keeps not only premiums strong but the nearby deliveries at tremendous premiums over the deferred months. Whether this situation will change depends a great deal on whether we can accumulate more grain in commercial centers.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 27, 1948

There was some PMA flour business reported overnight, and prices apparently were satisfactory to the mills, both on basis of the 72% and the 80% extraction content, with the result that a considerable business must have been put through, and this necessitated the covering of hedges in today's market. Possibly some of this was anticipated with hedges covered before the close yesterday, as we had a rather strong finish, but in any event the combined removal of futures yesterday and today imparted some strength to our market.

There was not much in the weather news except that a little rain had fallen in southern Oklahoma and some around Wichita Falls, Texas, but on the whole clearing conditions are now reported everywhere, although possibly there will be some scattered showers Northwest. These would be welcome as our reports indicate that seeding operations are virtually completed. Weather over the corn belt has been satisfactory up to now. It is quite different from last season when steady and persistent rains prevented farmers from getting their seed into the ground. Now, however, some rains are wanted before cultivation starts,but we doubt whether this is the reason for the buying of the yellow cereal, but rather the great strength in cash premiums. 20 1/2¢ over the July future is being paid for #2 yellow corn, which is still a tremendous price and some of the processors or dealers are trying to make purchases as far ahead as June 7th, paying the equivalent of 18¢ over. Therefore, it is almost too much to expect that the July future can weaken very much relative to the more deferred months unless there is a distinct change in the cash situation. We have stated often that when corn supplies are not built up during December and January, it is difficult to get accumulations later on. Once the farmer puts his corn into the crib, it stays there even though the corn-hog ratio is not as satisfactory as it might be. This week, for example, in Chicago, it is 8.9 compared with 8.3 a week ago, and 11.1 last year. However, with some supplements selling cheaper, there seems to be a reasonable amount of feeding taking place, and we believe that the deferred futures are being bought on the theory that they are selling very cheap compared with the price of the cash article. This has given us firm markets for the past few sessions. Possibly the strength in coarse grains has also had something to do with the sympathetic rise in wheat, although some reports from the growing areas indicate that the crop has deteriorated in sections, although this is not entirely general, and we are also getting confirmation of improvement where the rains took place, but at this time of year, bad news oftentravels faster than good.

In looking over the total rainfall in parts of Texas, New Mexico, and Oklahoma since Sunday, we find that the moisture was extremely satisfactory. Amarillo received 1.57 inch, Stratford 3.56, Adrian 1.68, Claude 1.69, Dumas 2.07, Clayton, New Mexico 3.40, and others more or less in line with these, which will afford ample opportunity to farmers to get their milo planted. Judging from conversations that the writer had when he visited the Panhandle a few weeks ago, there was every desire to put in a big acreage, provided rains fell in time, and apparently the outlook is very favorable for at least a good start.

Primary receipts of wheat amounted to 1,328,000 bu compared with 1,346,000 bu last week, and 1,109,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 166,000 bu.

When the government announcement was made about eleven o'clock our time that their basis on wheat for May delivery was reduced 1¢ per bu, it caused a little profit-taking, although their price for deferred shipment: namely, June, was still the same as yesterday. It seems they are buying quite a little wheat in the Southwest, and yesterday their purchases again amounted to 1.4 million bu.

When the wheat market eased it had a sympathetic influence on other grains, but trade on the whole was not very heavy, and while there was not a great deal of bearish enthusiasm the early upturn was followed by moderate reactions.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 28, 1948.

There is really no issue in the grain markets at the moment, and we are in that period of the year when there is not much news from day to day except that the weather is not particularly favorable, nor does the map suggest any possibility for moisture of importance during the next four or five days. They had a few showers in the Northwest, but they were light, and even around our part of the country where we had all the rains earlier, the topsoil has dried out to a depth of 5 or 6 inches, and we presume that before long there may be complaints unless there is some relief. The crop forecasts for the Southwest are considerably lower than last year, some people now talking only 135 to 140 million bu for Kansas, although it is our view that even though the rains came late in Texas, there was some improvement, and we are never willing to give up the crop until the wheat is actually cut. Furthermore, we must bear in mind that farming technique has improved, and with producers having money they have used better fertilizers and have cultivated more intensively, so that a yield of 12 bu to the acre for Kansas looks rather low to us.

We are likewise impressed with an article written by Major Strange of Winnipeg, who points out that during the past fifteen years agricultural science has gone ahead by leaps and bounds, thus helping farmers to increase the yield and quality of their grain crops. He calls attention to the fact that stem rust which caused such enormous losses has virtually been conquered. He also points out that mercurial dust, which is a method of controlling smut, and some bacterial diseases have also been research factors in helping the farmer. Now comes a magical chemical for the control of weeds. The result of all this has been that the average long-time yield of wheat up to fifteen years ago in the Canadian Provinces was 16 bu to the acre, but with these modern inventions he calculates an additional 25% to the acre yield with little or no extra expense to the farmer. Therefore, we must take off our hats to these quiet, talented men and those working with the Wheat Improvement Association who have brought about these developments in the farmer's behalf.

The Canadian Pacific Railway report gives the Manitoba wheat seeding as 77% completed; Saskatchewan likewise 77%, and Alberta 37%. There is some talk that the wheat acreage will have been reduced but that coarse grains will benefit and we take it that the yields up there will be somewhat larger than last year but still not a bumper crop, although with the fine prospects in Europe very likely the demands from abroad will also be lessened. Much will depend upon the outcome of Southern Hemisphere crops next January. Broomhall tells us that wheat seeding is under way in the Argentine, but thus far there have been no attempts to calculate the probable acreage. Broomhall likewise stated that his cable reports from Europe claimed heavy rains falling a day earlier over most of southern England, and other territories which would materially benefit crops in those regions. Additional moisture likewise is forecast for tomorrow, although a high barometer prevails over Northern Russia and Central Europe, but in Western Europe the barometer is low and cloudy weather is reported. On the whole we take it that the crop outlook in Europe is still pretty well maintained.

Primary receipts of wheat today were 1,041,000 bu compared with 1,123,000 bu last week; last year was a holiday. Kansas City and Minneapolis stocks so far this week show a net increase of 266,000 bu. We doubt whether there willb e any big changes in the visible supply next Monday; a year ago there was a shrinkage of slightly over one million bu.

Trade today was rather moderate again, but prices were firm, and this was especially true of coarse grains. Higher premiums prevailed for corn, and while the country sold a little more freely, it is still not possible to build up reserves at terminals; therefore, the nearby months seem to remain in best demand.

Higher prices for corn also had an influence on wheat, although we believe that the weather was also an important factor. Chances are that until there is some relief, a certain amount of nervousness will prevail. In parts of Kansas and Nebraska the recent precipitation was too light to be of lasting benefit, and there are certain areas in the Northwest which may suffer soon unless we get a pretty general rainfall. The Robinson Report on Kansas stated that it was difficult to estimate the crop this year, but that at the present time possibly 136.5 million bu was in sight, although more was likely under favorable weather conditions.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 1, 1948

Before the holiday rains had been forecast for the corn belt, and the map suggested the possibility of precipitation which had fallen in the West moving into Iowa, Illinois and Ohio, but apparently there was some dissapointment in this connection, although there was further moisture over many parts of the Southwest. While the crop has started to move in early areas, it will be two or three weeks yet before cutting takes place elsewhere; therefore, some improvement is still likely to occur and thus beneficial results are possible certainly for the later districts.

However, when our market opened it was quite apparent that traders' first thoughts were directed toward corn belt conditions, and there are several reasons for this. First of all, we had the experience of last year's very short crop, which was, roughly, 25% smaller than the year before, and it meant great economies. Furthermore, we had very little movement to market with the result that there were never any accumulations; consequently the nearby months were always at big premiums over the later deliveries, and even now this situation prevails. So if anything should happen to the corn crop with the smaller carryover in sight, it would naturally mean heavier feeding of wheat again, and, therefore it is something that will be carefully watched.

Our information from Washington is to the effect that there is about a 50-50 chance that the International Wheat Agreement will be confirmed by the Senate. Proposed legislation was to have reached the Congress at least ten days ago, but apparently has not yet cleared administrative channels. If the Senate should finally ratify the proposal, it would require implementing legislation by both houses, such as subsidies, to make the proposition workable as the price at home would be considerably higher under our loan level than prices for export. Thus with a good deal of "must" legislation still to come up, there is a possibility that the Wheat Agreemer may not pass.

It is likely now that early in July the export trade will be turned back to private hands, and, moreover, Mr. Paul Hoffman has already indicated his desire to let private enterprise do the job wherever it is possible. We understand that Mr. Sanford, Chairman of the National Grain Trade Council, has been invited in as grain consultant of ECA and will shortly assume his duties in Washington with the view of coordinating matters in connection with this change. It ishoped that wherever possible private trade channels will be used, and we have already seen announcements that after July 1st flour procurement except for the occupational zones would be handled by commercial interests.

We believe that the public in general is now convinced that many of the attacks on the grain trade last year were unwarranted. It was charged by many people in high office that speculation was responsible for the big upswings in wheat and in corn prices, and the government's heavy purchases were belittled in connection with the general advance that had taken place. Naturally a futures market sometimes anticipates these moves, but by the same token it affords even governments an opportunity to buy large quantities when hedges have to be lifted. Little comment was heard of the advance in milo prices but it should be noted in this connection that there was no important futures trading for that cereal, and consequently speculation had to be largely assumed by those in the trade who were doing their best to merchandise this grain. For example, on July 1, 1947, milo was selling in Texas for $2.56 per cwt FCB Galveston at a time when we were raising about 68 million bu of that grain in that State. Prices gradually advanced, and on August 1st had climbed to $3.04 per cwt, on September 1st, $3.50, on October 1st $3.72 and by December 1st the price was $4.10. We believe that the high occurred about the middle of January when this cereal rose to $4.35, after which time prices declined, and by middle of February there was a break to less than $3. We cite all this because we are convinced that even if all the speculators in the world were dead, prices would still fluctuate, but on the other hand both advances anddeclines are cushioned when the risk may be transferred to those who have the capital and the temperament to assume them, and certainly the futures markets in this country have provided an insurance whereby those who actually handle grains may relieve themselves of the speculative feature, which is inherent for any article in which supply and demand factors change from day to day.

Decreases in the visible were unimportant except for wheat where 1.8 million bu shrinkage occurred, but gradually accumulations will take place.

The leading cereal was weak even when corn and oats were strong and pressure from the country is increasing. Corn premiums are moderating and while rains would be welcome, we believe that dry weather enabled seeding to be

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 2, 1948.

There was no rain overnight either in the Southwest or in the corn belt, although we have been getting some optimistic crop reports from the winter wheat areas, and doubt whether moisture is so much needed there at present as it is in other districts. For example, one message from Colby, Kansas, told of an inspection trip which disclosed that some of the land which had been badly hailed early this spring was nowcoming along nicely and might make anywhere from 12 to 15 bu to the acre. We also had reports from Kansas that many people were now looking for a wheat crop in that state of at least 150 million bu owing to the recent improvement which had taken place. Apparently the rains came in time to bring about a good deal of recovery. From Amarillo we had a wire that while sections showed a spotted condition, nevertheless, recent rains had done a lot of good, and that there was bound to be more wheat than had been earlier expected. Thus, we have reason to believe that if harvest gets under way over a wider area, we may gradually have additional pressure. For the time being, however, more attention is being paid to dry weather in the corn belt, and as we mentioned yesterday, there is still the memory of last year with respect to deterioration which occurred in corn, but, of course, at that time we had poor weather and adverse conditions almost from start to finish. At the present time there are quite a few optimistic messages coming in at least with respect to seeding, and while it is true that moisture will soon be needed, we do not think it is a critical situation, and probably the plant could go another ten days without suffering too much. Meanwhile, farmers arenot offering much corn, and this also helps to revive a little bullish enthusiasm, which may continue until we get some rains.

The Department of Agriculture has urged hog producers to increase the fall pig crop by at least 10% over the fall crop of 1947. This goal is intended to help offset prospective declines in supplies of meat other than pork and is based on the outlook that with average yields feed grain supplies per animal unit this fall will be 10 to 15% larger than last year. There is generally a good deal of attention directed toward the hog-corn ratio, and at times it is difficult to understand why farmers continue to feed when the relationship is poor. It may, therefore, be interesting to quote a paragraph from the BAE discussing the livestock and meat situation, in which the following is written: "The springtime hog-corn ratio is not an indication of the profits that may be expected from fall pigs. When the size of the corn crop varies considerably from year to year, the hog-corn ratio may change greatly between breeding and marketing time. In such years, the profit prospects may be better or poorer than the spring ratio indicates. One guide to the profit from fall pigs is a comparison of hog prices with the December futures price of corn, since the futures price as quoted in May-June usually reflects the probability that the new corn crop will be normal size."

Conditions in the Northwest are not entirely satisfactory with respect to moisture, and there, too, good soaking rains would be very welcome. Some crop deterioration has been reported during the past week, although it is still very early and for the most part the crop is well rooted and has retained its color. It is thought that some of the late-seeded grain which was planted in dry topsoil will not germinate until rain has been received. Thus, the question of weather is important and will be very carefully watched.

Primary receipts of wheat were a little heavier and amounted to 1,470,000 bu compared with 647,000 bu last week, and 463,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 30,000 bu.

As stated earlier in this letter the main feature today was the great strength in corn, which in turn influenced also oats and wheat. However, a few hedges were taken out of the wheat pit, and it is claimed that flour business is improving; in fact, one chain broker in the Southwest booked about 400,000 cwt for June requirements, and Eastern chains are also showing interest for nearby positions. This business would not be much of an influence if we had a heavier movement, and we think that shortly we may expect it. Reports coming from Kansas indicate that with normal weather harvest will be under way by June 20th to 25th in the eastern part of the state and across the southern half. Generally at this time of year we become a little impatient forgetting that Chicago ordinarily does not get heavy receipts until about the 10th or 15th of July.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 3, 1948

Today the trade was furnished with a private estimate, as of June 1st, on both winter and spring wheat, oats, and an estimated acreage on corn. In analyzing this report we interpret it as rather bearish on the over-all picture. The estimate made on winter wheat is approximately 827 million bu, an increase from his May 1st figure of 10 million bu, although still about 18 million bu under the government forecast of a month ago. The Kansas crop is also placed at 141 1/2 million bu. We believe final yields in Kansas with any kind of normal weather between now and harvest will exceed this estimate. The total estimated winter and spring wheat crop is slightly over 1,100 million bu, and if there should be further improvement, figuring our domestic consumption at slightly under 800 million bu and 300 million bu for export, which is the present goal, there could be some nominal amount added to the carryover on July 1, 1949. The same source has estimated production of oats at 1,450 million bu compared with a production last year of approximately 1,216 million bu. On corn he estimates the acreage at 88,365,000 acres, or an increase of somewhat over 2 million acres from the March intentions to plant. While soybean acreage will undoubtedly suffer somewhat from the increase in the amount planted to corn, the report would indicate an ample supply of feed grains.

While some apprehension is being expressed, particularly by traders, over the dry weather existing over the corn belt, corn planting has been completed in the heavy producing states under generally favorable conditions, and while moisture would be very welcome it is still too early to figure on any major deterioration in corn.

The South Dakota weekly crop report states that the main feature of weather the past week was the general showery period last Friday and Saturday, which eased the deterioration of crops that had been developing the previous two weeks, although all sections reported some drought damage to small grains before the showers occurred. Over the past twenty-four hours light to moderate showers with thunderstorm have taken place over Montana, North Dakota, and a few points in South Dakota, with the suggested forecast of scattered showers and thunderstorms Friday in the northwest, probably extending into Nebraska and the western portion of Iowa. The Oklahom weekly crop bulletin is rather optimistic, and states that rainfall has been received in virtually all areas of the State during the past week; that rains in northwestern Oklahoma, including the Panhandle, will cause wheat to fill and increase the yield as well as the quality of the grain, although part of that area will not respond because of damage done prior to the rains. Harvest is proceeding in the southern areas of that State, with yields turning out better than anticipated a few weeks ago. Many combines are in the fields and standing by, and harvest is expected to proceed very rapidly.

Broomhall reports that recent rains have brightened the outlook in Great Britain, and prospects are quite favorable. Also, Rumania, Bulgaria, and much of Russia have had beneficial rainfall recently with crops in the dry sections of Germany and Czechoslovakia in good condition. Speaking of Canada, the same authority states that weather has been extremely changeable, and it is feared that crops are generally late and may be subject to frost damage late in August. Much will now depend on the weather for the next few months.

Primary receipts of wheat today totaled 585,000 bu compared with 1,328,000 bu last week, and 839,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total decrease of 233,000 bu.

The Commodity Credit was again in the market today in the Southwest on the basis of $2.34 3/4, with a premium of 12¢ over the first half of June and 10¢ over for the last half, basis Galveston. While there has been a little better milling demand, governmental agency continues to be the best buyer, their Kansas City office acquiring 805,000 bu for the period ended Wednesday noon. The movement is beginning to enlarge in southern Oklahoma, and many combines are now in the field or standing by.

Our market throughout most of the session had a firm undertone, with strength imparted by corn, with weather remaining dry over the main producing areas. However, it turned lower after the publication of a press dispatch from Washington, indicating that the House Appropriations Committee wants to cut by about 25% the amount of money available for European aid for the 15 months period ending June 30, 1949. If this cut is accepted by Congress it will affect the anticipated government financed exports of wheat and other products.

Trade sources reported today that ratification of the International Wheat Agreement is not planned by leaders of the Senate before adjournment of Congress

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 4, 1948

Despite the proverbial April showers, we find that as a general rule there is more rain during the month of May, although for the past two and one-half weeks it has been dry over rather wide areas. Unless we are in for a drought period one would naturally imagine that precipitation would average out; therefore, in spite of the five-day forecasts which we have had, we are somewhat optimistic that more beneficial rains may be had in time to help the crops. In fact, the overnight weather, while showing dry conditions in the Southwest, as well as in Illinois, Indiana and Ohio, was a little more showery through all of Montana where rains during the past two days have been reasonably good. There was also some rain in the Dakotas and in parts of Nebraska, and the western portions of Iowa. Chances are that central and eastern Iowa will get some more rain this afternoon, and the map also indicates showers over northern and central Illinois by Saturday night. This is far from general relief, but at the same time thundershowers often bring a good deal of relief over scattered areas, and nobody can ever tell how thorough they may be once they start. The weather map showed the heaviest rain in Fargo, N. D. where 1.87 inch fell; elsewhere traces to half an inch, including .60 at Rapid City.

Our markets were a little lower at the start but there was no particular pressure, and CCC announced a change in its buying policy by making purchases from 10 A.M. to noon each day, Central Daylight Time, which is an hour more than heretofore. Apparently this is with the idea of giving the country a better opportunity of conducting business rather than to try to buy twice as much in the longer period.

Favorable reports are still coming from Italy, according to Broomhall, and offerings of new wheat are being made at lower prices. It is felt that there is no necessity of purchasing American macaroni wheat except at much lower prices. However, Italy may import 70 million bu grain next season, according to this authority, under the International Wheat Agreement. However, there is no certainty whatsoever that the latter will finally be ratified by the various signators. There is still talk in Washington on probable legislation with respect to agriculture. A long-time program has been hinted for several months, but in all probability it would mean a recomputation of parity and the formula whereby these prices are reckoned. In other words, they talk of bringing it up-to-date using a ten-year average period rather than the base period, 1909-14. Likewise the amount of the loan would probably not be limited to 90% but might be on a sliding scale in order not to bring about overproduction following years of high prices. Nevertheless, it entails a good deal of work, and whether it will be rushed through during the remaining days that Congress is in session is something that nobody can tell. We still believe that if no agreement is reached, possibly at the last minute they may simply continue support prices for another year and then try to develop something more constructive at a later date when there is not the great hurry for pushing through such an important measure with the utmost dispatch.

Primary receipts of wheat amounted to 1,291,000 bu compared with 1,041,000 bu last week and 933,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 473,000 bu. When the visible supply of wheat is posted on Monday, it will compare with a decrease of 1,344,000 bu last year.

At the beginning of trade, there was some firmness due to the fact that PMA had probably bought more than a million bags of flour for June shipment to the eastern seaboard and it is possible that this agency may come into the market again for gulf delivery within the next few days. CCC presumably made heavy wheat purchases today in Texas and while some hedges were taken out of the market, there is likewise more pressure from the crop movement, and thus, the market is more two-sided.

After mid-session, more reports came here telling of good moisture Northwest and the late forecast suggested that Illinois and Indiana might receive scattered thunderstorms late tonight or Saturday, also turning cooler. This caused weakness in corn and the July delivery, with a weaker cash basis, went down more than the deferred months. When corn became so weak it brought liquidation into wheat and the whole list closed rather weak.

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Despite the previous April showers, we find that it is a normal rule that
we rain during the month of May. Although for the past two months it would
been dry over Indiana with crops. Unless we are in for a long period of
really impulsive thunderstorm weather, it is quite
by forecasts which we have had, we can scarcely anticipate that
rains may be had in time to help the crops. In fact, the weather will
showing dry conditions in the Southwest, as well as in Illinois, Indiana and
have been recently good. There was also some rain in the Dakotas and
s at Nebraska, and the western portions of Iowa. Elsewhere over the country
eek to Iowa will get some more rain this afternoon, and the map also indicates
ers over northern and central Illinois by Saturday night, but in the southern
, but in the same time thunderstorms are likely, and good deal of rain
ral areas, and not by any over all basis as much as may be the case. They do
ations may be observed the heaviest rain in Texas, it was 1.67 inches in the
reas to half an inch. Not a bad day

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DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 7, 1948

Weather over the week-end was considered mostly satisfactory. There is talk that the thudershowers did not strike all localities, and for example, in Chicago they had nearly 1/2 inch of rain, although in the suburbs there was just a trace. However, rainfall was afforded over many sections of Illinois, Indiana, and Ohio. Furthermore, there were rains in eastern Iowa and they extended into many parts of Kansas, although the important factor was that the corn belt had been dry, and at least some partial relief has been had, although chances are that after a few showers occur this afternoon it will probably clear up. The condition of winter wheat has undoubtedly improved, with better weather that prevailed during the past two weeks. Likewise we believe that conditions in the Northwest are better, although more rains will be needed with intermittent regularity if we are to get a good average crop up there. The Baldwin report on Illinois conditions states that some replanting of corn was necessary because of insect damage, although no more than in an average year, and that corn for the most part is coming up well. However, some fields are showing uneven germination; yet color is good, and the crop went into the ground earlier than last year and under favorable conditions.

As a result we had somewhat lower markets this morning. Part of this may have been due to hedging pressure of purchases that had been made over the week-end. As far as we can judge farmers in Oklahoma and in the other early districts are selling from one-third to one-half of what they bring into country stations, but whether the balance will simply be held for a time or whether it will finally go into the loan is anybody's guess.

Under the present setup on overnight purchases most elevator concerns hedge their operations here when our market opens at 9:30 A.M. However, half an hour later CCC comes out with its daily bids stating the premium basis and the maximum July wheat price that they will entertain, so that from that time forward hedges are removed, and we often get some firmness, In other words, the offsets of overnight purchases against export sales, which many of the houses could accomplish under periods of free trade, have given way to a new order, as just outlined. The CCC has bought very heavily during the past week and purchased a total of nearly 2 million bu in Kansas City for the period ending Friday noon. They are now paying only 10¢ over Chicago July for all June shipment, basis Galveston, which is 2¢ per bu lower than could be obtained on Saturday or before when wheat was traded at a premium for first half of June. This may slow down operations somewhat, particularly as pretty good prices are still being paid in the country.

Carryover stocks of wheat in the four principal exporting countries; namely, the United States, Canada, Argentina, and Australia, are expected to amount to 406.5 million bu on July 31, 1948. Last year's carryover similar date amounted to 225.6 million bu, while the 1946 reserve was 308.6 million bu. Thus it can be seen that we are gradually getting into a more comfortable position all around. Chances are that our own reserve stock at the end of this month will be nearly twice as great as it was last year, although at that time it was the lowest in ten years, and the second lowest in twenty years.

Canadian moisture, according to one authority, declined a little during the week but yet the total rainfall condition stands at 112% of normal compared with 115% a week ago and only 91% at this time last year.

Primary receipts of wheat today amounted to 1,780,000 bu; a week ago was a holiday, and last year they were 906,000 bu. When the visible supply was posted there was an increase of 1 1/4 million bu, and we believe there will be further increases now until about close of lake navigation. Total stocks are 39.5 million bu or 26.3 million bu more than last year. Chicago stocks show a small decrease, and there is only 223,000 bu here. There was a small increase in the corn visible, with oat stocks decreasing slightly, but nothing significant in this. European crop news was very favorable.

The wheat market displayed very little tendency, although corn became strong after mid-session on prospects for clearing weather and warmer temperatures. The government tentatively plans on shipping 479 million bu of grain and flour during the next crop year, of which 300 million bu would comprise wheat and flour. Thus, it has a schedule for shipping rather large quantities of coarse grain. While these may not be large in comparison with the crop, they may look big in comparison with the primary movement, and this was demonstrated last year when we shipped so much corn, thus depriving commercial interest of their usual opportunity for making purchases.

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CHICAGO, 4 June 8, 1948

Considerable opposition seems to be developing in Washington both inside and outside of Congress against the House action which virtually cuts a billion dollars from the spending under the European Recovery Program, and final action will be watched with interest by the grain trade. Should the reduction be sustained, it would undoubtedly mean lowering of the export goal for wheat and feed grains from this country. Should the original appropriation be kept intact and the money forthcoming, the grain program may be carried out in its entirety, although crop reports from Europe continue to be of favorable character. There is a question in the minds of some in the trade whether import requirements will actually be as much as originally anticipated. According to Broomhall, to whom we are indebted for the compilation of most European news, the past week showed continued favorable weather over almost all sections of the Continent. Some areas where moisture had been inadequate received moderate to good rains. While it may be a few weeks before definite estimates can be made of wheat production, the entire outlook has been further enhanced. Weather was very favorable in France and Italy, and the outlook in Germany is described as good. Improvements have occurred in the Danube Basin, with a prospect for some surplus available from that source. The Rumanian government has estimated their crop at approximately 95 million bu, which would compare with 52 million last year. Weather has turned warmer in the Soviet Union, and this following beneficial rains makes the crop outlook very promising. It now appears that on an acreage reported larger than last year, further quantities will become available for export.

In this country, the Occident Elevator Crop News, reporting for the spring wheat territory, states that timely rains during the week gave an optimistic note. Most points received an inch of rain, although in other sections as much as 4 inches of precipitation fell. Prospects have been enhanced with the favorable weather, and little apparent permanent damage was done during the dry spell. We are in receipt of a letter from a well informed grain man in the Northwest, stating that crop reports all look brighter, and while some parts of the Northwest did not receive adequate moisture, he believes the present prospect is for a better spring wheat crop than last year.

Wheat shipments from Australia the past fortnight were slightly less than they have been running, but were still substantial at somewhat over 5 million bu. It is estimated that they have a balance of 102 million bu remaining for export and carryover as compared with 35 million at the same period last year. Seeding of the new crop is well advanced, with good soil conditions. Western Australia experienced steady rains, which broke a long drought in that area.

Primary receipts today totaled 1,136,000 bu compared with 2,600,000 bu a week ago and 1,396,000 bu last year. However, in the primary receipts today Wichita failed to report. So far this week Kansas City and Minneapolis stocks show a total decrease of 33,000 bu. Car-lot shipments today in Kansas City, Fort Worth, Enid, Wichita, Hutchinson, and Salina totaled 1,309 versus 589 last year.

The harvest is progressing rapidly in the Southwest. The movement has been very fast with literally hundreds of combines in the fields or standing by to start working. At many of the stations, farmers' trucks are lined up for considerable distance, and what is true in southern Oklahoma is expected to extend into the southern half of Kansas within the next week. From our observation of the movement in southern Oklahoma, farmers are actually marketing about 40 to 50% of the receipts. All through the territory reports are being received of yields turning out far better than anticipated. One party has raised his figures on the outturn to 65 million bu for Texas, 85 million bu for Oklahoma, and today an estimate was made for Kansas of a minimum of 165 million bu.

The CCC still remains in the market; their price in the Southwest today was $2.29 3/4, basis Chicago July, with a premium of 10¢ over for all of June, basis Galveston. The same office of the CCC reported, 4,359,051 bu bought for the period ended noon Monday. This, of course, includes two days as no reports are given out on Saturday. The milling demand is somewhat better, although still indifferent. The PMA is asking for offers at the Gulf to be accepted by tomorow morning. Hedging pressure was noted as soon as CCC had withdrawn for the day, although closing prices were about unchanged.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 9, 1948

The stock market has been quite strong lately, and a good many people are wondering what the reason is for these advances, although in a general way business is keeping up: in many cases, volume is ahead of last year. This may be partly due to income tax reductions with the result that consumers have more money to spend than ever before; moreover, credit business is increasing, and we note that consumers owed about $13.4 billion at the end of March, which was about $3 billion more than a year earlier. The increase in debts resulted mainly from purchases of automobiles and other installment loans. Also, ERP buying is starting up pretty well, and we note that the U. S. Department of Agriculture bought nearly 3 billion pounds of food and agricultural commodities during April, and apparently the deliveries under our Foreign Assistance Act cover a multitude of commodities, which naturally has its effect upon our domestic economy. Advices from Washington tell us that in the coming crop-year, we may ship about 480 million bu of grains and flour. Of this quantity 300 million bu will probably comprise wheat and flour and the balance other grains. Probably milo and barley will figure in these calculations, but the chances are that very large quantities of corn and oats will be shipped.

In this connection we always make comparisons for export with the primary movement rather than with the size of the crop. We recall two years ago when about 170 million bu coarse grains was shipped that the nearby deliveries were consistently tight even though bumper crops had been raised. This may happen again during the coming year if we export 125 million bu corn and oats. The primary movement of corn in the ten-year period 1938-47 averaged 304 million bu. This is somewhat larger than for an earlier period but probably resulted from the bumper corn crops we have had in recent years. The primary movement of oats during the same period averaged 132 million bu. Thus the combined movement of these two cereals was 436 million bu, or more than 100 million bu less than the primary movement of wheat in the same period, which averaged 545 million bu. Consequently, it is obvious that if we are going to draw on accumulated supplies to the extent of 25%, it will have a very stimulating effect upon our markets, and it is bound to create great competition with the commercial users of these grains who draw so heavily on the quantities of grain coming to market. We appreciate that the twelve primary points do not constitute all the markets in this country and that some grain moves to positions not included in this tabulation. But it is likewise not fair to include the amount of corn that may move from one farm to the other, and we must still recognize that only about 15% of the corn actually leaves the county in which it is grown. We are, therefore, calling attention to these factors, recognizing that we have hardly had a stock of oats built up at terminal markets for the past five or ten years, and that, therefore, any export movement could easily have a great market influence, even granting that we finally raise a very satisfactory crop.

Primary receipts of wheat today were rather small, and amounted to only 742,000 bu; this compared with 1,470,000 bu last week, and 486,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 156,000 bu.

There was a rather firm undertone to wheat. It was quite apparent that some hedges were coming into the market from time to time, but declines were stemmed by further government purchases, and this seems to be a factor each day, so that we continue to feel no big breaks are in sight, particularly as wheat is still pretty close to the loan. The CCC did not buy any wheat yesterday in the Northwest, but their purchases Southwest amounted to 1.8 million bu. Besides this, PMA was reported to have booked 500,000 to a million cwt. of flour, the latter having taken some hedges out of our market in the early trade.

Most of the action today was in corn; tremendous premiums are being paid for oats, and besides this there is the feeling that the recent rains were spotted, and only brought about partial relief. There is some likelihood that rains will occur tonight or tomorrow over the northern parts of the corn belt, but little elsewhere. The weekly reports from Missouri, Iowa, and Nebraska all claim that oats have gone backward due to dry weather conditions during the past week. However, in the Northwest wheat has apparently improved owing to scattered moisture.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 10 1948

There are still so many international complications that it is difficult for authorities like Broomhall to even venture an opinion as to what the probable world requirements may be in the forthcoming season. Generally after the European crops are reasonably far along, one is able to figure out tentative imports into the various countries, but, of course, today much depends on the amount of rationing and the extent to which people's diets will be improved during the next twelve months owing to the better crop outturn abroad. There have been rains in Central Europe, and there is great optimism about improvement in yields. Newspaper reports from Russia emphasize successful seeding of spring crops with oneparty reporting a rich harvest in sight this summer with barley already being cut in the South. The grain acreage in Russia is much larger than last year. The Australian government has revised the wheat crop estimate to 228 million bu. This is the biggest crop ever harvested in that country. The great trouble, however, is that surplus nations outside of the United States are not exerting themselves very much toward bringing about European recovery. Canada will undoubtedly have a very large carryover again as was the case last year -- certainly big considering that there are only 12 million people up there to feed.

As for Argentina, she, according to Broomhall, more than any other country has exploited and is still exploiting post-war scarcities. She has exacted exceptionally high prices, not only for wheat but also for corn, barley, oats, linseed oil, and other articles, which has naturally held up European recovery and may have intensified the need for Marshall aid.

As for our own share in promoting better conditions in Europe, there have been some arguments from time to time as to whether U. S. funds should be used for purchases in countries other than the U. S. From the inception of the scheme, our government has felt that in order to avoid inflation to some extent at home, it would require buying in other countries if these purchases could be handled in a more efficient manner. For example, we heard reports of $33 million having been authorized for British purchases of Canadian wheat and livestock products, while a short time ago, Mr. Hoffman disclosed that in addition to purchases of Polish coal for Austria, there would also be purchases in Eastern Europe, particularly of wheat, coal and timber. Thus it is not always easy for those in the grain trade to figure out what our direct share may amount to, although it has been emphasized repeatedly from Washington that 300 million bu wheat and flour for export would be the very minimum, and apparently there has been no change in this estimate even though European crop conditions have improved considerably since these early estimates were made.

Primary receipts of wheat amounted to 1,958,000 bu, which compared with 585,000 bu last week and 707,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 352,000 bu.

There was some hesitancy today in corn owing to the fact that there have been some showers in western Iowa and eastern Nebraska, and the chances are that the rain will move into the corn belt, although there is no great optimism expressed except for widely scattered thundershowers; therefore, it is a question as to how much relief we shall actually have. In wheat CCC continues its activity although nobody knows whether the trade will be returned to private hands after July 1st, except for those quantities needed for the occupied zones. In any case it is figured that the total clearances under either method of buying will be about the same. Some reactions occurred and with the fine crop prospects in the Central States, we are told that wheat East of here, if shipped to the Atlantic seabord, is cheaper than if it were shipped from Chicago. This is bringing about a feeling that carrying charges are more likely, and despite some improvement in the inquiry for flour, it is likewise believed that within another week or so wheat will be moving over a much wider territory.

After the close the June government report will be issued, and some improvement in the wheat yields is expected.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 11, 1948

After the close of the market yesterday, the June crop report was issued from Washington forecasting 877 million bu winter wheat and a spring wheat yield of 315 million bu. Thus total production on this basis would be 1,192 million bu, the second largest crop of record. They admitted that winter wheat had suffered some deterioration in parts of the Great Plains but improved elsewhere, and this all confirms the reports that we have been getting of some improvement during the past three weeks, with rains rather widespread over southwestern areas. We had been very skeptical of some of the pessimistic reports claiming only 125 to 135 million bu for Kansas, simply reasoning that 12 bu to the acre was at times almost a failure and that, therefore, the final results might be considerably better. The government now estimates Kansas at 160 million bu, Texas 55 million bu, Oklahoma 81 million bu, and Nebraska 65 million bu. These figures are all considerably better than were believed possible a few weeks ago. However the story does not end here, because in the Central States prospects are also extremely good, with Indiana estimated at 39 million bu, Illinois 34 million bu, Ohio 56 million bu and Michigan 36 million bu. During the past several years, yields in the soft winter wheat belt have been smaller and Chicago has been relying on its supplies either from Kansas City or from Minneapolis, with the result that it took big premiums over those markets to bring grain here, particularly as freight rates have been advancing.

The trade is, therefore, of the opinion that it may be much easier to obtain carrying charges this year, although, of course, it will take accumulations of wheat in Chicago to bring about this situation. At the present time we have scarcely any wheat here, but it looks as though there would be sufficient quantities even in time for July delivery, unless CCC operations might be on such a big scale as to upset the applecart. When our market opened this morning, wheat prices were somewhat lower, but corn and oats showed a very firm undertone, and overnight moisture which had been expected was extremely disappointing. In fact, there was hardly any rain over the corn belt, and not much is looked for now for the next twenty-four hours. Chances are that we shall have some precipitation in western Oklahoma, western Kansas, and western Nebraska, while showers are also likely for Montana and the Dakotas.

Reports from Washington indicate that the government is likely to engage in quite an active program during the coming season for shipping of coarse grains, and as we have pointed out, this may prevent any accumulation, in our opinion, at terminal markets. Possibly this is also one of the reasons for recent buying of corn and oats rather than any belief that crop conditions are desperate. As BAE points out, corn planting was nearly completed in most areas by June 1st, which was very likely ahead of the usual program. This is certainly in marked contrast with last year, when Ohio had only 15% of its acreage planted, Indiana about one-third, and Illinois slightly over one-half. Regarding oats they claim that prospects are good in Minnesota and Wisconsin, but that the effects of dry weather were evident in Iowa and in some areas South and West of Iowa. The North Central States, with 75% of the nation's oats acreage, seemed to have about carried the 11% increase in acreage indicated in March. Outside of the North Central States the outlook for oats is only fair. In addition to this, estimates on the carryover are that possibly 100 million bu or less may be in the reserve stock on July 1st, which about offsets the increase in the yield over 1947.

Primary receipts of wheat amounted to 1,337,000 bu compared with 1,291,000 bu last week, and 820,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 457,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of 122,000 bu.

Trade was not particularly active considering that the wheat harvest is getting under way over a wide area, but this may change by next week. Meanwhile CCC business continues at a fairly lively pitch, with 1 1/2 million bu purchased in the Southwest yesterday. Inquiry for flour is reported as a little more active, and this may be taking some hedges out of the market, but none of the large bakers seem to be booking flour in any quantity, possibly waiting for the winter wheat movement to enlarge.

The Canadian rainfall condition is not too good, although the total is now reported at 109% of normal compared with 112% last week, and 94% this time a year ago. Owing to the fact that crops were seeded late, no suffering is claimed, although the usual June rains are certainly required, and rather quickly if crops are to make their normal growth.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 14, 1948

Crop news from Europe continues to be very favorable, and according to an official of the U. S. Department of Agriculture, Western Europe's prospects have improved to the point at which our shipments of grain beginning July 1st will probably be reduced about 20% below the past year. There is nothing particularly new in this statement, although we had thought that insofar as the smaller exports of U.S. grain were concerned, they had been occasioned by a smaller prospective wheat crop than a year ago. First of all, last year's yields were not only the largest for all time but established a total from which deducting home consumption still left sufficient surplus so that we could ship more wheat than ever before without cutting into our reserves. As a matter of fact, we believe that when the carryover is announced, as of July 1st, we shall probably have twice as much wheat on hand as a year earlier. Naturally it is not possible to repeat this operation even though the government now estimates that we may have the second largest crop this summer based on the possibility of raising 315 million bu spring wheat. Some people believe that the latter may not be realized if the acreage is smaller than the March figure. Of course, there are a good many hazards still ahead, but we do get some very good reports from the spring wheat districts. One of our friends who returned from a trip covering thoroughly most of central Montana told us that crops in that part of the country were very good and that they had had plenty of moisture. However, if we ship 300 to 350 million bu wheat from this country during the next crop-season, and consume about as much at home as we did last year, we shall still have about the same carryover one year from now. With our population increasing right along, we doubt seriously whether it would be wise to take any chances by letting our reserves sink to lower levels.

When our market opened this morning, it was influenced by rains over the corn belt, although precipitation was again spotted, and there were probably a good many areas that did not receive as much moisture as had been hoped for. A few territories are complaining that a good general rain is still wanted, but on the other hand the Baldwin Elevator Report was quite optimistic in tone, stating that corn was practically all up and generally looking well, farmers working in the fields, which seemed to be exceptionally clean. Early plantings are the most advanced with stands good, although there are occasional dry areas but probably no more than one would see in any other year. However, taking all factors into consideration this Illinois corn crop looks good, and is much ahead of last year. They, too, feel that a good general rain would, of course, be made to order as it would stimulate growth. The oat crop is suffering from lack of moisture; some oats are beginning to head on very short straw, and these people are of the opinion that with continued dry weather heading will be light and short. However good rains soon would help materially. In the localities where good rainfall had been received oats improved and color is now good. However, the general condition of this crop seems to be very spotted. This apparently is true also of other states.

When CCC came out with its bids for southwestern crop positions, prices were no different from Saturday. In the period ending noon Friday, they purchased 1 1/4 million bu wheat, and this is somewhat of a factor, although probably of greater importance is the holding tendency on part of some farmers, with a good deal of the wheat in the Southwest going into storage, some of which may finally end up in the loan, probably depending on future price trends.

Primary wheat receipts amounted to 2,227,000 bu compared with 1,780,000 bu last week and 1,057,000 bu last year. However, this did not tell the full story as official receipts in some of the southwestern markets were very heavy. For example, they had 1,811 cars at Enid for two days and 995 cars today, which was a record, but in spite of these heavy receipts, pressure was next to nothing and we presume that probably a large percentage of the wheat will be held. When the visible supply of wheat was posted, there was a decrease of 614,000 bu but we believe from now on increases will be registered. Corn increased 722,000 bu and oats increased 94,000 bu. There is still practically no wheat in Chicago, only 148,000 bu, but this likewise will change before long.

Wheat was barely steady despite a better undertone in corn and oats. It seems on the latter the trade feels that the recent moisture was insufficient but some showers are still forecast over rather wide areas.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

June 15, 1948

Congress plans to adjourn by the end of this week before the Republican Convention takes place in Philadelphia. Whether or not the long-time farm program will be given further consideration is difficult to tell. We rather believe that the present parity formula and the loan will be extended for another year simply because there is insufficient time to give full consideration to the more complicated measures that have arisen. As for the International Wheat Agreement, Senator Lodge, Chairman of the Special Sub-Committee named to study this proposal, has announced that the Sub-Committee voted to let the proposal go until the next session of Congress. In effect, this means that the efforts of the grain, feed, and milling trade have succeeded in pointing out the many deficiencies or weaknesses of the proposal, and that it will not be approved by the Senate at the present session. Actually to have become effective it would have to be ratified before July 1st. Thus if the question does come up at some future time, it will probably be in substantially different form, but for the time being at least it looks as though the various exporting nations would continue to operate on a more or less free and competitive basis.

We have not heard anything more definite as to the handling of our export trade in grain after July 1st, although we are getting questions right along as to whether CCC will continue its operations or whether the business will be returned to private hands. The Cabinet Food Committee will probably hold another meeting within the next week or so to consider certain aspects of the Food Conservation Programs, export allocation problems, and removal of specific export license control over flour exports to the Western Hemisphere.

When traders came to their offices this morning they found that numerous rains had been reported over the grain belt; the heaviest undoubtedly were in parts of Kansas where moisture was not particularly needed. As a matter of fact, harvesting operations in the southern tier of counties has started, and there may be some complaints, although on the whole moisture is always so important at least for other crops that it is generally welcome even after wheat is ready to be cut. Elsewhere the showers and thunderstorms which occurred: namely, over Nebraska, Iowa and South Dakota, as well as portions of Illinois and Indiana, were regarded as helpful, and some rainfall also occurred in portions of the Canadian Provinces. The five-day weather forecast is rather hopeful, with some precipitation expected for Illinois and Indiana, possibly running as high as one inch. We point out, however, that the five-day forecasts have not been too accurate, and apparently when going more than forty-eight hours ahead, there are certain intricacies that make accurate reporting difficult. We talked with one of our friends from the Northwest, who was reasonably optimistic on the outcome of the spring wheat, but yet he pointed out that a forecast of 315 million bu would require rather consistently good weather from this time forward, and thus we take it that the last government report may not find fulfillment unless conditions continue generally favorable for the remainder of the growing period.

Activities on part of CCC were about the same with respect to bids, except that they extended the time for delivery of wheat to middle of July. This may have been due to somewhat smaller offerings yesterday, when their total purchases in the Southwest amounted to only 330,000 bu.

Primary receipts of wheat today were 1,256,000 bu compared with 1,136,000 bu last week and 1,049,000 last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 43,000 bu.

Wheat was rather strong today, possibly on the CCC buying program, which permits deliveries for a later period. Furthermore, there was no special pressure here, although wheat did not derive its strength today from coarse grains as was the case heretofore.

July corn was reasonably firm, with only light receipts, but due to rains and the possibility for more to come the May delivery was quite weak and closed about a cent lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 16, 1948

Congress is undoubtedly pushing hard to wind up legislation in order that they may be able to adjourn this Saturday. This being an election year, regardless of party, there is always a tendency to curry favor and to corral votes, whether or not the program represents sound economic principles. Action is still to be taken on the farm support program, although in many quarters it is believed that in the last minute rush, the present program of 90% loan on certain basic commodities will be extended for eighteen months. The present support program terminates the end of this year. It is rather difficult to reconcile the different courses of action being pursued. On the one hand are inflationary fears, and on the other unduly high prices are being maintained for many agricultural products, which with changing world conditions are not warranted, but if the 90% loans are extended the proper adjustments cannot take place. Apparently the potato crop is of such size that it is necessary to extend loans to prevent a radical price decline. The government has decided to support the 1948 crop of rice at 90% of parity, as of August 1st, and interim loans have already been announced for the new wheat crop with revised prices to be issued basis July 1st parity.

The world situation as far as wheat is concerned has greatly improved over last year. As an example, France is not applying for any July allocation of flour. Wheat is now selling very close to the probable final loan price, and unless there is some enhancement in values undoubtedly many producers will avail themselves of the loan, or at least temporarily take storage tickets, as they have until December 31st to reach a decision. If this comes to pass large supplies may be temporarily held off the market, and wheat once impounded finds its way, reluctantly, back into trade channels. We have seen in previous years when large quantities have been impounded that governmental agencies had to later in the season offer additional incentives to coax wheat out of the loan and make it available for export shipment. The producer is obtaining about $2 for cash wheat in the Southwest at the moment. As harvest progresses into Kansas whether this price will satisfy the farmer to market a fair share of his production or whether the cash price will sink somewhat lower is difficult to determine.

The loan program was started in 1938. For the first year or two the program was not too well understood in the country and full advantage was not taken. In this connection we are tabulating below some interesting figures as to the amount of wheat impounded between 1938 and 1943, giving the loan price basis Chicago, the lowest price at which September futures sold in Chicago during July and August, the amount impounded, and the widest difference of the September futures under the loan during that period:

	Chicago Sep. Wheat Low July-August	Loan Value Basis Chicago	Widest Diff. Sep. Futures Under Loan	Amount Impounded (million bu)
1938	$ .60	$ .77	$ .17	66
1939	.60 3/8	.80	.19 5/8	167
1940	.66 7/8	.81	.14 1/8	278
1941	1.02 3/4	1.15	.12 1/4	365
1942	1.15 1/2	1.32	.16 1/2	406
1943	1.42 5/8	1.42	5/8+	129

Primary receipts of wheat today totaled 1,304,000 bu against 742,000 bu last week, and 673,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 90,000 bu.

Optimistic reports continue to be received on yields in the Southwest, and many well informed sources are placing estimates for Texas, Oklahoma, and Kansas quite in excess of the government's June 1st figures. The CCC price today in the Southwest was announced at $2.29 1/2, with a 10¢ premium at Galveston to July 15th. Their purchases in Kansas City have shown some decline in the last few days, and for the period ended Tuesday noon they were 375,000 bu at Kansas City, and 400,000 bu at Minneapolis.

Our wheat market was somewhat helped by a statement by Secretary of Agriculture Brannan, in which he mentioned that huge government purchases of grain, cotton, fats, and other commodities for European recovery might have a sharp impact on the market. However, this is no new factor, as the export goals were announced some time ago but government purchases, plus the loan price, are making it difficult for millers to obtain their requirements. We think the market is on more debatable ground, with the loan and government purchases supporting it on one side, while any further increase in price would be more of an incentive for

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CHICAGO, 4 June 17, 1948

According to the U. S. Department of Agriculture meat production under federal inspection for the week ending June 12th totaled 358 million lbs, which was an increase of 33% over the previous week and 12% over the comparable period last year. Cattle slaughter was 29% above last week but 6% below last year. The hog slaughter was 33% larger than a week ago and 34% over the same week of 1947. Despite the increase in slaughtering, the longest period of continuous advance on record has taken place in the cattle trade, with prices now the highest in Chicago since last February, and a new all-time high price at several markets. The marketing of hogs has witnessed the heaviest volume since January, with prices also advancing, and the Chicago corn-hog ratio for the week ending June 12th was 9.5 compared with 9.0 a week ago and 10.5 last year.

Broomhall, reporting for Europe, states that new-crop prospects continue very favorable, with both Bulgaria and Rumania reporting a very good outlook. The same source also comments that more seed, fertilizer, machinery, and labor are becoming available in Europe, and by next year the recovery program should have worked wonders. South Africa has a corn crop of 106 million bu, which is considerably over last year but so far has sold none for export. The Canadian official report indicates that over the greater part of the Prairie Provinces conditions have been fairly well maintained, with timely showers benefiting many districts in Saskatchewan and South Alberta, although recent heavy rains in parts of the latter province may curtail acreage. Precipitation in Alberta and Manitoba since April 1st has been above normal but has dropped to 22% below normal in Saskatchewan, although subsoil moisture is generally satisfactory throughout Canada but rains would again be welcome to replenish same.

In this country, in analyzing several of the state reports, the condition is a little more spotty. The Kansas weekly report indicates that harvest is under way in southeastern counties and along the Oklahoma line, and that the combining of wheat in southeast and southcentral Kansas will be in full swing within the next few days, with harvest moving rapidly north and west if weather conditions are favorable. Heads are filling well and the warm, dry weather during most of last week was conducive to early maturity and good quality grain. The weekly bulletin from Iowa intimates that temporary relief was afforded most of Iowa except the southern three tiers of counties where no appreciable rain has been received since May 6th, and where the lack of moisture is becoming rather acute. Good, soaking rains would still be welcome, but the report implies that most of the corn looks good, has an excellent color, and is free of weeds. South Dakota reports for the past week that small grains are in the heading stage with general improvement shown in all areas except the northeast quarter where moisture was lightest. The bulletin from the State of Illinois would indicate that weather has been satisfactory, as far as the wheat crop is concerned. Those who have been traveling in sections of the State remark that in areas covered the oat crop does not appear too good. It is heading short, although the weight of the grain will be determined by weather during the next few weeks. However, many sections of the State are in need of rain; Indiana reports seem to indicate that some spots are still too dry, but generally there is ample topsoil moisture.

Primary receipts of wheat totaled 2425,000 bu compared with 1,958,000 bu a week ago and 749,000 bu on the comparable day of last year. So far this week combined wheat stocks at Minneapolis and Kansas City show a net decrease of 320,000 bu.

The CCC reports purchases in the Southwest of 1,605,000 bu for the period ended Wednesday noon. The Kansas City office of the government agency was again in the market today at $2.32 1/4, basis Chicago July, with a premium of 10¢ over at Galveston for warehouse receipts up to July 15th.

Flour business is improving, although there seems to be some resistance on part of bakers at advancing prices. We have also received word from one milling source that their purchases of wheat in the Southwest were increasing. A large demand, at least inquiries, is developing for storage facilities. The withholding tendency will depend greatly on the price and undoubtedly any advance from this level will become more attractive to the producer to sell larger quantities of wheat, while on the declines the incentive is to at least seek storage until such time as a decision is made whether or not to apply for government loans. The tendency of today's market was for the July future to gain on the more deferred months. As to the utlimate outcome, it will depend on the amount marketed by farmers and the movement of wheat in the Chicago territory.

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CHICAGO, 4 June 18, 1948

At last night's session of the Senate that body rejected a resolution favoring the House approved extension of the 18-month price support at 90% of parity. While we have not seen the Senate Bill, press dispatches intimate that the 90% would be discarded for a proposed long-range program in which the parity price formula would be revised. The price support would be at varying percentages of parity, averaging 75%, and would be adjustable from season to season depending on the supply of the product. There now has to be a conference between the House and Senate Committees to see if the differences can be adjusted, with time running short. It is very difficult to venture any guess as to the ultimate outcome.

As far as the trade is concerned, it looks like a sliding scale would be much more preferable, and would at least give prices some leeway in which to fluctuate, according to the supply. At the present time the 90% loan is preventing free movement of wheat into trade channels, and there seem to be more inquiries for storage than there is room available.

Sanford Evans' crop report of June 16th states that topsoil moisture is becoming quite dry over large areas of the three Canadian provinces, with crops showing effects, and that general rain is required to prevent deterioration. Meanwhile, our spring wheat states have been benefited by recent rains, and conditions must be showing considerable improvement. In fact, one private source states that numerous wires received have shown generous rains all through South Dakota, southern Minnesota, throughout the Red River valley, and they judge that the rains have extended well into North Dakota. The Montana Weekly Weather Crop Report states that field crops and native grasses in Montana have made rapid growth with another week of favorable weather. The supply of subsoil moisture is now adequate for dry land, and irrigation water is plentiful. The lateness of the spring season has been largely overcome by the fast growth of recent weeks.

Reports from Australia now place that crop at approximately 228 million bu. The new crop is being seeded and germination is even, with ample moisture over the entire belt. This includes the recently dry western area, where heavy rains have afforded much relief. Reports from Argentina indicate that northern sections have had little rainfall for three months, but in the central and southern areas moisture has been sufficient.

Primary receipts of wheat today totaled 1,715,000 bu compared with 1,337,000 bu last week, and 681,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 573,000 bu. When the visible supply is posted on Monday it will compare with an increase a year ago of 304,000 bu.

The Kansas City Office of the CCC announced that for the period ended noon Thursday, 600,000 bu wheat was purchased in the Southwest. They were again in the market today at $2.32 1/2 maximum, basis Chicago July, with a premium of 10¢ over at the Gulf for warehouse receipts up to July 15th. It has been rather difficult for some in the trade to reconcile the rather large quantities purchased inthe Southwest on days when the market ranged over the government price, but some well posted sources think it represented rather substantial sales of red wheat out of St. Louis for shipment to New Orleans.

Flour sales have been on a reduced volume as apparently buyers were reluctant to follow advances of the past few days. The PMA is booking flour this morning in the Pacific Northwest, which may be followed in another few days by purchases at the Gulf and at the Atlantic seaboard. It is also contemplated that a fair volume of business is in prospect for shipment to the Americas in view of the relaxation of export license control over the Western Hemisphere. Carlot receipts in the Southwest remain heavy, with Kansas City, Fort Worth, Enid, Wichita, Hutchinson, and Salina reporting 1,938 cars against 1,150 cars for the same day last year.

There was an easier tone to the market today, and on the declines July wheat lost on the more deferred months, particularly the September.

Rather high temperatures have prevailed in the Southwest, but the forecast is for some moderation. In the corn belt there were a few scattered light showers, with showers and thunderstorms indicated for Iowa, and Nebraska, probably extending into Illinois and Indiana. The five-day forecast, while not very reliable, is for precipitation of one-half to one inch for Illinois and Indiana during that period, and the same for Iowa.

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CHICAGO, 4 June 21, 1948

After a long tedious meeting in an effort to clean up last minute matters the Congress adjourned, but before doing so, they extended the present agricultural program for another year, which means that 90% of parity loans on wheat and on corn will be continued until January 1st, 1950. Thereafter, loans will range from 60 to 90% of parity. Under this new farm bill crops harvested after that date will come under a somewhat lower loan, depending on the size of the crops, and some other complicated revisions in the method of figuring parity, which we have not yet had a chance to study fully. Moreover, the loan can only be dropped by as much as 5% a year, which means that it will take some time to get it back to a more normal basis, and thus avoid serious accumulations during periods when either our export demand has lessened, or in years when production is high. Nevertheless, this is not an immediate market factor, although it must be admitted that a high loan is always a sustaining influence. We have found this season that this is particularly so when there is a continuation of the loan in which the farmer may participate, plus an active export business.

Receipts in some of our southwest markets continue very large, and there were 1,375 cars today at Enid, which means that elevators at that point are swamped. Elsewhere the movement may slow up to some extent for the reason that there have been rather generous rains in parts of Kansas, which were not particularly wanted, and which, if they continue, may slow harvesting operations, as well as the crop movement. The rains which were reported in Iowa were somewhat unexpected, and averaged about 1/4 inch. However, they were heavier in Illinois and in Indiana; in the latter two states the forecast suggests that more moisture is to be expected. This, of course, should be helpful for the corn crop, and may also help oats.

In Winnipeg, the oat market showed a rather sharp decline, which they claimed was due to better weather conditions, although reports that we have seen indicated the relief was only partial, covering the southwestern district of Alberta. Crop prospects for all small grains at present are poor in many areas, and in most of the Provinces there is an immediate need for rains if deterioration is to be avoided.

There was some moisture in our Northwest, with rains reported at Grand Forks, Fargo, and Glasgow, Montana. The later weather map showed general, and in some places very good rains all through North and South Dakota. Also there were some good rains in Minnesota. There were generous showers also over portions of Nebraska, which, of course, should prove beneficial. According to our Department of Agriculture figures, condition of wheat in France is still very good, and they talk of 285 million bu for this summer's yield; also good condition for other grains. They also claim 22 million bu of wheat for Syria, which is 47% more than the short crop of 1947, and might provide some surplus for export.

The CCC is still in the market each day for purchases based on the July future, with a maximum of $2.31 3/4, and a premium of 10¢ over Chicago July in transacting this business.

Primary wheat receipts of nearly 3 million bu was the largest so far, and nearly twice as much as last year. When the visible supply was posted there was an increase of 2,197,000 bu, and total stocks are now 41 million bu or 27 3/4 million bu more than the previous year. There was a decrease of 324,000 bu in the corn visible; stocks are about 6 million bu less than a year ago. A small increase in oats brought the total supply to 1 3/4 millionbu against 3.3 million a year ago.

At no time was our market very strong. The fact that rain had occurred over a wide portion of the corn belt caused some easiness in this cereal, with the result that the deferred months were quite weak, although the nearby deliveries held relatively steady. Sentiment in wheat is not particularly bearish, and with a rather high loan suggested, it becomes more apparent that a fairly large quantityof wheat could be impounded. As a matter of fact, as the wheat harvest moves northward, we are being told that the amounts sold on the market are comparatively small, although some of the grain on which farmers are simply accepting tickets might later be sold, much depending on the price during the next few weeks. The flour mills are not doing any business in volume. One of the chain bakers, who is bidding for September delivery is doing so at prices which the mills apparently will not accept.

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CHICAGO, 4 June 22, 1948

The chief news overnight consisted of extensive rains being reported over practically the entire grain belt. These were not forecast at least to the extent to which the rains occurred and we would say that the corn belt has been greatly relieved now, with practically all sections favored. As a general rule, July is a critical month for corn and if the soil is dry during that period and we get the usual hot spell around the 4th of July, it naturally creates a very adverse condition. In fact, some of the experts in corn have pointed out repeatedly that the crop is never safe until about August 8th, and by that time, not so much can happen one way or the other unless we should have an early frost in the fall. However, for the time being, apprehension has been allayed and considerable optimism is being expressed. The rains in Knasas were not particularly wanted, and looking at the situation from a short-term view, it may affect to some extent, the protein content of wheat, or in some fields where the straw was blown down it may make harvesting more difficult, but on the whole we doubt whether much damage has been sustained. In looking further ahead, it should make a fine seed-bed for winter wheat and might give us another large acreage in Kansas, which, of course, would be helpful for the following year's crop. Meanwhile, there is enough wheat to take care of the immediate demands, although stocks are a little slower in being built up due to a delayed harvest and this is keeping cash wheat premiums in the Southwest firm, with millers just a little more anxious for immediate supplies.

When our market opened, prices were about steady in wheat and somewhat lower in corn, but there is no decided trend to the markets right now and many people are waiting to see what the next parity price will be because the loans are based on 90% of that figure and the chances are that May wheat is selling within a few cents of the probable loan. Under these circumstances, no very bearish feeling exists, but at the same time the crop is sufficiently large that, for the moment, bullish enthusiasm is likewise restrained. Much will depend on the amount of wheat that is finally impounded under the loan and even this figure cannot be determined yet for several months.

CCC purchases are on a somewhat smaller scale now and for the week they bought only 5.3 million bu or about half as much as during the previous week. Possibly the wet weather Southwest is having something to do with the situation and yesterday they bought only 120,000 bu of wheat in the Southwest. However, this should not materially affect our exports as considerable quantities are already headed for Gulf ports. Meanwhile, other exporting nations are doing better than a year ago and Australia continues to ship heavier. They reported 6.3 million bu cleared during the past fortnight. Since January 1st they have shipped 67 million bu against only 23 million bu the same time a year ago. This means that they still have about 96 million bu for export and carryover at the end of the season compared with 33 million bu on hand the same time a year ago. Weather conditions in that country are favorable for the newly planted wheat and rains fell over a greater part of the country. It is believed that acreage will again be large and probably about the same as in 1947.

Primary receipts of wheat today totaled 2,733,000 bu against 2,256,000 bu last week and 1,315,000 bu on the comparable day last year. So far this week, stocks at Kansas City and Minneapolis show a net decrease of 25,000 bu.

We have not as yet seen the new Farm Bill, as recently passed by Congress, but according to a source, considered reliable, the 90% of present parity for the loan for 1949 requires compliance with crop limits, while non-compliers would only receive a 60% loan. The same source further states that starting in 1950 the Bill provides for support at 60% to 90% support on basic crops depending on the supplies and revised parity formula, but if the revised parity had been used, as of May 15th this year, it would have been $1.82 instead of $2.21. Starting in 1950, the support levels can only be lowered 5% annually. From another source, it is interpreted that the Bill was amended to guarantee a minimum of 72% rather than 60% on basic commodities.

Wheat responded to strength in corn and a firmer undertone was expressed. The rains in the Southwest are no doubt slowing up the movement for the moment. Despite beneficial rains in the corn territory, local short covering led to higher price The cash situation still remains tight in corn and oats.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
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NEW YORK COCOA EXCHANGE
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COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 June 23, 1948

Overnight rains were heavy and general. This moisture was extremely welcome over the corn belt but will probably delay harvesting operations in Kansas and in other parts of the Southwest where wheat was ready for cutting. Whether some of it will lodge is a question although clearing skies are forecast for tonight and the chances are that weather will clear over the corn belt by tomorrow with cooler temperatures for all sections. While there may be some damage to the winter wheat, past experience has taught us that if we get three or four days of sunshine, the ground dries out quickly and they will probably be able to resume harvesting operations without much difficulty. Some of these territories have received so much rain that it is bound to improve the seed-bed for the next winter wheat crop, and with the comparatively high prices that now exist, it is almost an assured fact that we are going to have a big acreage again this fall. The rains also extended to our Northwest and were reported in Minnesota, South Dakota and Eastern North Dakota. Showers also occurred in Alberta although we believe that rains in Saskatchewan are still wanted as it has been extremely dry over most of that Province. The Iowa State Report was compiled as of June 19th, before the heavy rains were received, but even at that time it was claimed that moisture and moderate temperatures had favored crop development during the week and that practically all crop growth was ahead of normal, with much corn knee-high or better. Oats were also fully headed and wheat was starting to turn color. There is not much comment about the prospects for the oat crop but undoubtedly these general rains have also brought about considerable improvement in that cereal in all states.

When our market opened, the deferred futures of corn were somewhat weaker but there was a fairly good undertone to wheat, possibly for the reason that harvesting operations will be a week or so late due to the recent precipitation. Meanwhile, government purchases are definitely on a smaller scale, but PMA is asking for prices on flour, basis Gulf shipment, on or before July 31st. This may take some hedges out of the pit although we understand that some of the mills are buying enough cash wheat to take care of current requirements and this seems to be the general feeling here, judging from the lack of interest in futures transactions. Trade seems to be very moderate and one would hardly judge that this is the second largest crop of record, but apparently a good deal of wheat that is or has moved in the Southwest is not being sold immediately. Some of it may later go into the loan but in other cases farmers are simply waiting to watch further price developments.

Primary receipts of wheat were lighter today and amounted to 1,322,000 bu, which was about the same as last week and compared with 956,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 187,000 bu.

There was never very much weakness to the markets and, on the whole, little pressure, although bookings of corn were heavier and possibly the recent advance encouraged farmers to sell more freely but premiums for the nearby still were maintained over the more deferred months but a little bearish feeling was engendered on new crop deliveries because of fine rains and the uniformly good State reports which were highly optimistic. For example, the Missouri Bulletin stated that rains, received the past week, had been beneficial to cultivated crops, pastures and late hays. Advices from Nebraska are also very encouraging and this has to do with practically all grains so that the situation is decidedly better than it was about ten days ago. In Kansas, the report was to the effect that corn continued to make favorable growth. Fields were generally clean and with the additional rainfall at the end of the period moisture supplies were very satisfactory for the crop. Also, sorghum planting was generally complete. In spite of all this markets were reasonably firm and there was little pressure. However, there was no big volume and we believe at this level, prices will easily be influenced by the character of the orders that come into the pit.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 June 24, 1948.

There was very little in the overnight news. The recent rains which we have had over the corn belt have undoubtedly dispelled fears that had previously existed that we might run into a dry period during July. May, which is ordinarily a wetter month than April, failed to bring the much needed moisture which was necessary, and while subsoil conditions were still good, we needed the rains that we have had. Generally speaking, there is a very optimistic feeling now that corn has gotten off to a good start, and even oats, which in many cases had headed on short straw, are probably better than had been anticipated. This is all still very necessary at a time when the importing countries require large quantities to build up reserve stocks.

We appreciate that if 300 million bu of wheat is shipped during the coming crop year that it will be a very substantial reduction from what was furnished this season. At the same time 300 million bu is about three times the average quantity that was exported during the period 1930 to 1947, and it could only be done with the large planted acreages which have given us such bountiful crops. As near as we can tell, from August 1st to about the middle of June, 750 million bu of wheat and flour had been furnished by the four principal exporting nations, consisting of United States, Canada, Argentina, and Australia. The Southern Hemisphere furnished 182 million bu of this quantity about evenly distributed between those two nations, while Canada shipped about 165 million bu, and the balance, or more than 400 million bu, was shipped from these shores. We call attention to the fact that these are seasonal figures, computed on the August 1st basis compiled by Sanford Evans, but nevertheless it shows that we were by far the most important factor in relieving hunger during that period of distress. These large quantities which were shipped from the United States, even in spite of a failure corn crop, made it necessary to reduce our animal population very materially, and we have probably gone to some extremes in this direction. Therefore, it is necessary that we have a good corn crop in the season ahead, as well as a good oat crop in order to restore potential shortages, which would otherwise creep in. Should we get adequate yields of corn and oats, then, of course, we can effect some savings in the feeding of wheat, which has been such an important factor during the past few years. At this time last year it was thought we might have to use 325 million bu wheat for animal consumption because of corn shortages that lay ahead, but the high prices brought about great savings. Animals were slaughtered and finally feeding operations reduced to a point where we had proper balance between supply and demand.

As near as we can tell, European crops continue to make good to excellent progress, aided by further rain in a number of sections. Broomhall makes no mention of any tendency to lower the previous optimistic forecast of probable yields. From all we hear they may still have a fantastic crop over there, and very much like the unusual production which was experienced in this country last summer. However acreages are still smaller than before the war in many cases, and we doubt whether the yield will be up to former averages, although with the great economies that are taking place it becomes quite evident that smaller quantities will have to be imported during the next twelve month.

Primary receipts of wheat today totaled 2,334,000 bu vs 2,425,000 bu last week, and 1,231,000 bu last year. So far this week stocks at Minneapolis and Kansas City show a net decrease of 348,000 bu. CCC purchases in the Southwest the last few days have been of much more modest proportions, and as of noon Wednesday 100,000 bu had been obtained. Their price this morning in the Southwest was based on Chicago July at $2.33 1/4 per bu, with a 10¢ per bu premium at the gulf.

Harvesting is being resumed in the Southwest after the recent moisture, and continuous optimistic reports are being received in Texas, Oklahoma, and Kansas. We received one report from the Salina area that on several tracts threshing yields ran from 41 to 59 bu per acre, and a large field well above 20,000 bu. Despite the present prospect, new wheat is not pressing on the market, and a holding tendency still exists. PMA apparently placed a good-sized volume of flour business overnight, and the lifting of hedges was noticeable in the early part of the session. Toward the latter part local interests were more aggressive buyers, and a friendlier tone seemed to have developed.

Premiums have been slipping on oats; there was a report that some southern oats were being worked northward. Under proper weather conditions between now and harvest there is a possibility that Illinois oats will reach Chicago during July.

DAILY MARKET LETTER

MEMBERS:
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MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 June 25, 1948

Overnight rains were again very heavy in the Southwest, and came somewhat as a surprise owing to the fact that clearing conditions had been forecast; it looked as though we might be able to resume harvesting operations before long. However, this change will further delay cutting over many parts of Kansas, although in our conversations with various parties in the Southwest we were told there were several districts which had been skipped; therefore, the situation is not entirely general.

The Robinson Elevator report now estimates a crop of 178.5 million bu for the state of Kansas which is certainly more encouraging than anything we have seen in recent weeks. It shows how these rains during the filling period will restore life to a virile crop. It also should be a lesson to those who might have plowed up their wheat some weeks ago if they had not been too busy with other agricultural activities. In other words, the adage, "While there is life there is hope" still is as true today as ever before.

We have mentioned on previous occasions that even while too much moisture at this time of the year might cause a little deterioration or reduce the test quality of the wheat, it is very important to have sufficient precipitation in order to start the seedbed for the 1949 winter wheat crop. This is especially true in Kansas and in other Southwestern states. For example, since 1938 the annual rainfall in Kansas exceeded 30 inches in only one year; in 1947 there were only 27.43 inches compared with 37.18 for Illinois. As a matter of fact, we have had several years since 1938 when the Illinois rainfall exceeded 40 inches. The same is more or less true of Indiana, and to a lesser extent in Ohio, but the southwest states have never fared as well; while Oklahoma generally obtains more rain on an average than Kansas, the overall moisture situation is not as good as that in some of our central states, while Texas is also deficient in many years, although the range since 1938 has been from a low of 24.69 inches to a high of 43.53 inches. Therefore, it is quite natural that inasmuch as the best results are often obtained when rain falls at the proper time, much attention is properly paid to this one very important item.

There was not much news to speak of except that European crop conditions continue to be good. There is some talk now that during the next three months Europe will want to use up dollar holdings for industrial purposes than for the import of flour and grains. This is quite understandable in the light of improvement which has taken place. The first official estimate of the Italian crop forecasts production at 220 million bu, which is about 63 million bu larger than last year's very small crop, but it is still 47 million bu below the prewar outturn. France, on an acreage of approximately 15% below prewar, will probably raise as much as in the 1935-39 average year, which was about 285 million bu. Other countries are also considerably better than last year; while we do not have figures to corroborate this statement, we have it on good authority that the coming harvests will be quite satisfactory.

There have also been some rains in Canada, and these are very welcome because for about seven successive weeks there was a decline in the total rainfall condition of the three Prairie Provinces. According to the Searle Report, compiled on June 23rd, the total moisture condition stood at 101% of normal, which compared with 104% last week and 95% of normal at this time a year ago. However, the rains of the past two days will undoubtedly bring up these percentage figures, although no one is forecasting a very large crop, particularly as Canada did not get its full acreage planted, and apparently price factors were somewhat discouraging to farmers, because there was a much better price being paid this side of the international border

Primary receipts of wheat amounted to 2,234,000 bu compared with 1,715,000 bu last week and 1,182,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 284,000 bu. We expect another increase in the visible supply on Monday, which will compare with a shrinkage a year ago of 535,000 bu.

Trade was more active, but there was a heavy undertone. It seems that premiums on coarse grains have been slipping, and cash demand is less keen, while sentiment is also veering a little more to the bear side of the market, owing to the very fine rains we have had, and more that are in sight. Trade in corn each day seems to be larger than in wheat, and likewise the open interest is greater. There was no hedging pressure to speak of in the leading cereal, but likewise milling demand remains of small volume, and bakers seem to be fighting the market. As we view the situation, wheat is in a trading range, and sharp declines are not likely due to the fact that a reasonably high loan is in prospect. Cash barley in the Northwest was 6 to 12¢ lower.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 28, 1948

In a few days, another crop season will come to an end. This will be one that will go down in history for several reasons and will be memorable to grain men, possibly for many years to come. During the first eleven months, or since last July, our exports of wheat and flour reached an all-time record with a total of 442 million bu, having been shipped. The program for June, the last month of the season, provides for shipments of more than 40 million additional bushels and on that basis the total exports of wheat and flour this year will exceed 480 million bu, which is the largest quantity ever cleared by this or any other country during any single year. To make a comparison with last year, we recall that total exports amounted to 394.1 million bu and previously the largest quantity of wheat and flour ever shipped from any country in any marketing year was 407.6 million bu exported by Canada in the 1928-29 crop season. Advices from Washington by the Department of Agriculture maintain that since the end of the war the government has made as much use as possible of commercial facilities in handling export business but the reasons given for not returning the export grain trade to private hands are as follows: (1) continued food shortages in Europe and Asia and the urgent necessity of expediting a maximum flow of grain and grain products to needy areas; (2) the relatively limited transportation and export facilities available for that purpose; and (3) the need for protecting our domestic consumers and economy from the danger of an excessive drain on available supplies.

There was not a great deal of news over the week-end, except general and heavy rains over large areas. In Kansas, where they had as much as 2 to 3 inches in many localities, it will still delay harvesting operations and some damage may result from "shattering." It may become difficult for some of the wheat to be harvested by the usual method and, therefore, some losses are now likely with possibly the quality also affected, and we hear from some quarters that test-weight may be lower than if we had had normal weather during this period. Nevertheless, a very large winter wheat crop is in sight and while the rains over the spring wheat areas were not as heavy, it still looks as though the total production would be the second largest in history. However, the marketing is not a burden and not many hedges are being placed with a likelihood that very large quantities will be impounded.

After the close of the market tomorrow, we shall have a new parity price published and the trade is looking for an increase of 2¢ to 3¢ in the final loan figure over the interim advance announced recently by the government. The August grain export allocations include 32.8 million bu of wheat and flour, in wheat equivalent, and 4.4 million bu of barley and grain sorghums, in addition to which it is estimated that 140,000 tons of wheat and flour will move commercially under previously announced quarterly allocations to Western Hemisphere countries. This would bring the total for August to about 42 1/2 million bu and would compare with 61.8 million bu a year ago.

The visible supply of wheat showed a good increase today amounting to a little over 5 million bu. Total stocks in all positions are 46 million bu against only 12.8 million bu a year ago. The corn visible showed a small increase. Total stocks are only 5 million bu, which is about 4 1/2 million bu smaller than last year. The oat visible decreased 270,000 bu. There is less than 1 1/2 million bu at all points and it shows that there will be many holes to fill up when our new crop starts to move.

Wheat prices were inclined to be somewhat easier during the early part of the session and possibly this was influenced by a mill strike at Kansas City and the unions are also threatening to walk out of the elevators unless their terms are met. Temporarily, this means that cash interests are not buying carlots until the situation is relieved. However, there does not seem to be much pressure, and later in the day short covering boosted prices, with corn also recovering some of its losses.

Chances are that clearing weather conditions will set in over the Southwest by tomorrow but more rains are expected in the Central States which will be beneficial for corn. It does not look as though Iowa would receive much more rain. Oats were weaker today and we believe that recent declines in cash premiums, plus improvement in crop prospects was the reason for a somewhat more bearish sentiment on part of the trade.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 June 29, 1948.

We reported yesterday that workers at the Kansas City mills were out on strike, but apparently mill workers returned to work this morning pending settlement of differences. The elevators in that city are also negotiating, and we understand that Union members are having a meeting this evening at which time it will be decided whether to accept or reject the proposals which have been advanced.

Thus far nobody has really benefited during the period of inflation. Higher labor costs have meant increases in manufactured products, with the result that tractors, automobiles, and in fact practically all items which the public buys have been steadily advancing in price to a point where some consumer resistance is noted, except for those items that are still in short supply. However, the squeeze has been more difficult on certain industries; for example, in our own business commissions are no higher now than they were in 1941, despite the fact that everything else has increased not only with respect to labor costs, but every lead pencil, order blanks, and in fact everything that is used in the normal conduct of business. With the belief that the workers in KansasCity would probably settle their differences rather than to take a chance of a lengthy strike such as we have had in many other lines, grain was again moving today on a more normal basis and markets turned to other considerations for a directive.

Weather at the moment seems to be a little better. Our own private forecasts are for clearing conditions, although the official estimate is not quite so optimistic although the five-day forecast suggests that farmers may soon be able to resume harvesting operations in the Southwest where rains had called a halt for several days.

In the meantime, crop conditions in Europe continue very satisfactory with the possible exception of the Volga region in Russia where the drought may have caused some damage, although even here relief came a few days ago, when rains occurred. However, according to Broomhall, there are some parts where previous losses may not be regained. Elsewhere in the Soviet Union, however, the outlook is described as satisfactory, and the important Ukraine is expected to have a large yield. French estimates continue high, with the possibility of 294 million bu of wheat, which, if realized, would make that country almost self-sufficient. In the western zone of Germany, it is felt that crops may reach 80% of the prewar level. The Italian wheat crop, as we have stated before, is expected to be sharply above last year. There is still little cooperation from Argentina, with respect to furnishing wheat and flour for the importing world. While this week's shipments were better, two weeks ago clearances fell to the small figure of 297,000 bu; shipments are considerably below the prewar average, yet grain prices are being maintained in spite of these small export sales. The government there is reported as hopeful that arrangements can be made through economic cooperation with United States officials of selling some grain for European relief, but as we understand it, even if purchases are made by us in Argentina they will not be at prices higher than those quoted in the U.S. A. As for Australia, they raised their banner crop of 228 million bu on nearly 14 million acres. Wheat and flour shipments continue at a good rate. From August 1st to May 15th, 81 million bu had been exported compared with 39 million bu like period last year, and 104 million bu the 1931-35 average.

Primary receipts of wheat today were 2,739,000 bu, much the same as last week, and compared with 2,244,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 14,000 bu.

Trade was not too active, and at times there were fair recoveries after moderate selling took place. This was true of corn as well as wheat, but for the time being there seems to be no particular issue. While it is not likely that wheat values will sell far below the loan, it is probably a little too early yet for investment buying. One of our friends in the Northwest believes that spring wheat is not quite up to the condition which prevailed in 1944, but that the prospect onthe first of July is for a better crop than we had either last year or the year before. He tells us that the principal complaint today is the excessive moisture in the northern part of the Red River Valley, and in western Montana. However, there is a very heavy crop in western Dakota and in Montana. Taking the acreage as a whole a yield of 17 bushels per acre does not seem excessive so that we might still have very good results from that section of the country.

UHLMANN GRAIN CO.

MR W. JACKSON [illegible]

CHICAGO, 4 June 29, 1948.

We received word today that workers at the Kansas City mills were out but apparently mill workers returned to work this morning pending a settlement of differences. The elevators in that city are also inoperative, and no grain movement is reported. Union members are having a meeting this evening at which it will be decided whether to accept or reject the proposals which have been given [illegible]

Thus far nobody has really benefited during the period of dislocation. Millers, automobiles, and in fact practically all items which the public buy have [illegible] steadily advancing in price to a point where some consumers resistance is [illegible] except for those items that are still in short supply. However, the situation is more difficult on certain articles, for example, in our own business [illegible] instalments are no higher now than they were in 1941, despite the fact that everything else has increased not only with regard to labor costs, but every kind of material [illegible] for binders, and in fact everything that is used in the normal conduct of business. We believe that the workers in Kansas City would probably serve their city's interests rather than to lose a day's wages at this time as was done [illegible] other times, prefer was again moving by rail a heavy amount [illegible] and it is hoped to other considerations for a future use.

Weather at the moment seems to be a little better. Our own private crop reporters are [illegible] although the cold [illegible] and wet [illegible] persists although the time-lag forecast suggests that it may [illegible] assume harvesting operations in the Southwest where [illegible]

[illegible] the private owners of the Texas terminal in Galveston the elevator may be [illegible] cleaned and repaired, although some bona fide cargo [illegible] are also [illegible] operated. However, according to Mr Sandvik there [illegible] not be repaired. [illegible] is directed as satisfactory, and the [illegible] [illegible] [illegible]

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.
CHICAGO, 4

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

June 30, 1948

After the close of the market yesterday, parity prices were announced and there was an increase of 1¢ per bu in the wheat price, making it $2.22 per bu. 90% of parity loan on this basis figures $2.29, Chicago, and $2.24 at Kansas City, and we believe that this is about in line with the way we have figured it and discussed it in our previous market letters. The price is about 4¢ higher than the interim loan owing to the fact that government had allowed for a possible 2¢ decline, but actually parity advanced 1¢ last month and an additional cent this month which accounts for the increase in the permanent loan. We believe that under these circumstances that we cannot look for very low prices nor for any sharp declines because experience in the past has always shown that a high loan is a sustaining influence. According to advices from Washington, new high meat animal prices were responsible for raising the overall index of prices received by farmers during the month ended June 15th to 295% of the 1909-14 average; in other words, there has been an increase of almost three to one, based on prices prevailing before the first World War. Meat animal prices rose 8% and the overall index rose 2% during the same period. Higher prices paid for food, principally meat, resulted in a 1 point rise in the index of prices paid by farmers, including interest and taxes. Since the parity concept has been initiated, there have been very few declines. Almost steadily since 1938 we have had increases each month, all of which has added materially to the inflationary spiral and while it is sometimes difficult to ascertain which is cause and which is effect, nevertheless with higher prices, followed by higher loans, and then again higher prices, we have had a period of increased living costs and as far as we can see the end is not yet in sight.

Rains were reported over some parts of Illinois but in the Southwest it has cleared. The forecast is also good and the chances are that before long harvesting operations may again be resumed.

The various weekly State reports are optimistic on crop developments due to the recent rainfall. There is some concern in Kansas where locally heavy rain may have caused some loss to grain in the fields but farmers continue to report very favorable outturns from harvestings. The corn crop development has been excellent and in Nebraska there are claims that the condition surpasses other states, but also, in Iowa, excellent progress was made with development well ahead of normal. In Illinois, progress is good, particularly Downstate. These rains have also brought material benefit to oats and with a large percentage of new varieties seeded, Iowa says it is possible that average yield per acre could reach a record high.

Conditions are not so good in Canada, and according to the Free Press 1/2 million acres in Saskatchewan is damaged beyond recovery and 5 million acres in this same Province is in urgent need of rain. These reports are following the recent rains reported. In addition, there is another 5 1/2 million acres in Saskatchewan and Alberta that will need rain within a few days to avoid drought damage. There is also extensive grasshopper damage in an entire north and south strip in Central Saskatchewan.

CCC buying continues the stepped-up pace with over 1 million bu again reported bought in the Southwest yesterday. They are getting practically no wheat through the Chicago office, yet they are entertaining bids for delivery up to July 15th and nothing was reported bought in Minneapolis yesterday.

Flour business continues at a slow pace, according to the trade reports with inquiries even running smaller in number than heretofore. A few small lots are being sold to foreign claimants but their buying is lagging and insome cases they are counter-bidding at lower prices to current offerings.

The French government has made their first official estimate of 1948 grain crops and the wheat estimate at 257 million bu is 30 or 40 million bu less than a number of trade reports had given. It is, however, only about 30 million bu less than the pre-war average, but more than double last year's small crop of 117 million bu. Supplies had become so short during the season that they found it necessary to even borrow some wheat from Great Britain to tide them over until American wheat arrived in larger volume and purchases from Australia had time to arrive and be ground into flour. The rye crop is estimated at 23 million bu, also larger thanlast year and would compare with 30 million pre-war. Oats 248 million against 318 millio pre-war and barley actually larger than pre-war at 57 million compared with 49 million. The normal needs of France are about 300 million bu of wheat, so with moderate overseas purchases, there is likely to be plentiful supplies on hand next season.

Primary receipts of wheat were better, totaling 2 million bu against 1 1/2 million bu last year. Stocks in Kansas City and Minneapolis show a net increas

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CHICAGO, 4 July 1, 1948

Overnight weather was entirely satisfactory; it was clear almost everywhere, and the chances are that harvesting operations Southwest will get under way, with possibly one exception - the Corpus Christi area of Texas, where the milo crop is about ready to be cut, and where recent precipitation has hindered operations. However, over wide areas of the wheat lands conditions have improved, and it also looks as though skies would be clear over the corn belt, with the possible exception of Iowa.

Whether it is due to the fine prospects, or increased demand from abroad, it is difficult to tell, but in any case, Mr. Paul G. Hoffman, head of the ECA now claims that current plans are to ship about 375 to 380 million bu of wheat this season compared with approximately 486 million which were cleared in the 12 month period just covered. On this basis, and assuming that the government data is correct with respect to yields, we take it that the reserve stocks one year hence would be about 200 million bu. There are other ECA officials close to the grain situation who confirm the Hoffman statement, and, indeed one expert intimated he would not be surprised if the exports finally reached a figure of 400 to 425 million bu. The contention apparently is that rations in Europe have been low, that grain stocks were permitted to sink to the danger point in many areas, and it may become necessary to build up reserves. Of course, much will depend on the final yield of the corn crop. At present everything looks extremely good; therefore, we may have another crop of 3 billion bu, which would be about 25% larger than last year.

There have been some showers in Canada, where they were badly needed, but information reaching us from that country is not too optimistic, and we gave some data with respect to the Provinces in our market letter yesterday. The Canadian Pacific report today insists that during the past week rain has improved moisture conditions in nearly all sections of the Prairies. However, Saskatchewan will need further precipitation immediately in all districts, according to this study, to maintain satisfactory crop growth, and to check deterioration. Likewise, moisture is needed in parts of Alberta, particularly in the area adjacent to the Saskatchewan border.

The wheat price support is now reckoned to be $2.00 onthe farm for the national average, which would compare with last year's rate of $1.84 a bu. All these loans, as usual, will be available through the CCC. We gave some of the terminal wheat loan rates yesterday, which are high, but which took into account increased freight rates over a year ago. The interim loan rates, which were offered by the Department on May 25th for the protection of growers of early harvested wheat were based upon parity as of April 15th. However, the new rates which were announced are based upon parity as of July 1st, and will permit farmers to avail themselves of the loan until the end of December, provided that they have wheat grading #3 or better, or #4 or #5 based solely on test weight.

Primary receipts of wheat today amounted to 2,543,000 bu compared with 2,334,000 bu last week and 2,030,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 549,000 bu.

Wheat prices were firm, and there were probably a number of factors responsible for it; some have been enumerated earlier: namely, the possibility of heavier exports from the United States than had been intimated earlier. Also, the fact that corn was stronger may have had something to do with sentiment. It seems that shorts in July corn are a little nervous, particularly with no accumulations here in Chicago, although cash and futures are gradually coming somewhat closer together. In oats, the trade is rather indifferent, crop prospects have improved, and there is some possibility that the new oats will be here for July delivery, and finally the feeding demand may not be as heavy next season for this cereal if we have a bigger corn crop. As a matter of fact, much will depend on the final size of the corn yields, because even wheat now is fed to animals in a rather large way when other grains are scarce.

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CHICAGO, 4 July 2, 1948

Overnight weather was extremely favorable for crops everywhere. It was mostly clear, although a few showers were reported in our Northwest and also some in Canada, but they were light, and on the whole it looks as though there would be clear skies for the next few days. This is encouraging to farmers in the Southwest, where harvesting operations are again getting under way. There is one small section in Texas, around the Corpus Christi area, which is an exception. They have had some rain which has delayed harvesting of milo, but generally speaking clear weather is forecast; likewise, higher temperatures, and this should be good for the corn crop, which is making splendid progress.

As near as we can judge our wheat production, it looks as though the total yield would amount to about 1,200 million bu. It is naturally too early to determine what domestic consumption might be, particularly until we know the outcome of the corn crop, but on the assumption that we are consuming close to 800 million bu now at home, with a population of 145 million persons, we mention this as a starter for our calculations. The government told us yesterday through various officials that we might export close to 400 million bu, which if correct, would leave us with the same reserve a year from now, and which under ordinary circumstances would be ample, except that there are other factors entering into the situation.

First of all, we are convinced that the amount which will be impounded this year will be much greater than last. Here, again, no definite figure should be stated, but in all probability a guess of about 200 million bu would not be too far out of line. Thus, if such a large quantity should be taken out of commercial channels, there would be practically no wheat left at the end of the season for private use unless the price went high enough so that redemptions could take place. This, of course, is a very bullish statement, and we should probably qualify it by saying that 800 million bu for domestic consumption might prove to be a very high figure if the corn and oat crops come through according to present promise. Some of ourfriends believe that the improvement in oats might be 300 million bu; others feel that we may produce 3 1/4 billion bu of corn, so that wheat feeding, instead of being the same as this past year, which was approximately 200 million bu, might be nearly halved. Likewise, if the price should go up a little during the next two or three months, the amount going into the loan would be lessened. In any case, it does bring to mind that even the second largest wheat crop in the history of the country does not assure us of a low price level with all the artificial stimuli with which we still have to contend.

There is one part of the North American situation which is certainly far from optimistic - that has to do with conditions in Canada, where ordinarily June rains either make or break prospects for the spring wheat production. Most of our friends tell us that good soaking rains are still needed, in spite of the fact that generous rainfalls of the past week, particularly in Manitoba and Alberta, have offset probably any declines in the total moisture condition of the Prairies. Moisture is now estimated to be about 101% of normal compared with the same figure a week earlier and 99% at this time a year ago. However, this does not tell the full story and we are getting quite a number of reports that the outlook is for a rather mediocre crop unless improved moisture conditions persist for the balance of this month

Primary receipts of wheat amounted to 3,471,000 bu compared with 2,234,000 bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a net increase of 968,000 bu. We expect a good increase in the visible supply on Tuesday. Last year, there was an increase of nearly 2 million

Markets today were reactionary and it seems longs were a little more on the defensive. Regardless of what the situation may be 6 or 8 months from now one has to reckon with the fact that it takes time to eat into oursurplusses. Besides this coarse grains are making splendid progress and this created a bearish feeling which spread to wheat.

Yesterday's purchases by the CCC in the Southwest were heavy but a part of this apparently was for the Crop Insurance Corp. and takes in shipments several months ahead. Total government purchases at Kansas City yesterday amounted to 2 1/4 million bu but we understand now that they are not buying any more warehouse receipts for wheat in-store at Kansas City, seller's option September 1st to October 31st, and chances are that these operations yesterday necessitated buying of futures in the pit which may have been one of the reasons for yesterday's firmness. As previously stated, profit taking in July corn was a factor and we look for another good-sized reduction in the open interest.

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CHICAGO, 4 July 6, 1948.

There was not too much news over the Fourthof July holiday. A few local showers were reported in central Illinois since last Saturday, and a heavy local rain fell at St. Louis and near Burlington, Iowa, but in the Northwest generally fair weather has prevailed. Temperatures have risen considerably, and a pronounced heat wave over that section exists, with hot weather also ruling over the corn belt. There have been a few widely scattered showers in the Canadian Provinces; we had one report from a reliable source that last Friday night there were some welcome rains in parts of North Dakota, extending into Crookston, Minn., and also some moisture along the main line of the Great Northern Railroad, C

However, weather does not seem to be much of a factor at this time, and it is generally hoped that spring wheat production will exceed 300 million bu, which was as much as one of the private estimates recently made. All in all, it still looks like a good chance for a total wheat production of 1,200 million bu, which, of course, would be very satisfactory, and would be the second largest crop of record. It is seldom that we get big crops of corn and oats together, with a bumper wheat crop, but, according to present prospects, we may harvest 3 1/4 billion bu corn and considerably more oats than the last government report, which of course, would be helpful for the feeding situation, as our animal population was considerably reduced thisyear, owing to the fact that the 1947 corn crop was 25% below recent yields. It will now be necessary to build up our hog and cattle numbers from recent lows.

Despite the fact that wheat exports will be very large, and may be about four times the normal of the past 20 years, there should be enough grain to carry on such a program, although present prices in many parts of the country are under loan levels, Therefore, it is reasonable to expect that very large quantities will be impounded, and this may give us a tight situation later on. For the time being, there is plenty of grain moving, and we understand that there have been embargoes or permit systems invoked at two southwestern ports: namely Houston and Galveston indicating that there is plenty of wheat and milo to take care of the boats making call for export cargo.

Before the House and Senate adjourned they passed farm legislation including a combination of parity loan continued for another year, with a long range program to support grain at a lower flexible level. However, so much dissatisfaction has been expressed from various quarters that many of the provisions are expected to be dumped or drastically overhauled before they are even put into operation. It seems a rather peculiar commentary that when we are faced with further inflation that many of our legislators are already thinking of re-writing a scheme to provide higher levels of support than those implied in the present act, but it is still too early to say what type of compromise may finally be reached.

Receipts were tremendous over the holiday, and primaries amounted to more than 15 million bu. When the visible supply was posted there was an increase of 6 1/2 million bu. Stocks in various positions amount to 52.7 million bu, which is about 38 million bu larger than last year. There was a slight increase in corn, and in oats it was about a standoff. Chicago wheat stocks are still very small, the total being less than 300,000 bu, but we believe before long shipments to this market will improve considerably.

Wheat stood up pretty well considering the weakness in corn; at one time the July corn future broke the full permissible limit of 8¢ per bu. However, there were some recoveries, and we presume that recent liquidation has been quite substantial. Furthermore, there is not much corn in Chicago, while there was a slight increase during the week, stocks here amount to about only 1 1/4 million bu. The nearby deliveries of corn were the weakest, although crop news is still extremely favorable, and great optimism is expressed as to the outlook. Recent weather has been extremely beneficial.

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July 7, 1948

There was not a great deal of news overnight, but weather was clear, and there seems to be little indication of a break-up particularly in the Northwest where recent temperatures have been quite high. Late yesterday we saw one very sensational report put out by a large mill to the effect that weather was too hot, as most grain was now in the blossom or milk stage. This authority forecasts that the next two weeks would probably decide whether they would have a fair crop or just half a crop. We are not yet willing to go that far and to concede that the spring wheat production might be as low as 140 million bu. We recall only too well some of the forecasts made for Kansas when it was claimed that even with perfect weather following the dry period that state would not raise over 125 million bu, while at present it looks as though the yield would surely be in excess of 175 million bu.

This undoubtedly had something to do with the little more bullish sentiment and besides PMA was reported back in the flour business, while some of the bakers showed more eagerness to take on supplies. Hedges were taken out of the pit, and there was likewise some speculative buying on Broomhall's reports claiming that less favorable crop advices emanated from western Europe due to unsettled cold weather. He emphasized that warmth and sunshine were urgently needed now. He also pointed out that with the continuation of present weather rust might develop, although admitted that up to the present time there has been no verification of any serious difficulty in that respect. Likewise, he countered that with an early improvement in weather it appeared likely that crops could still come through with yields approaching the recent promise.

In any case, prices here at home are ruling a good deal higher than if we had no loan to contend with. We are convinced that a good part of the receipts in the Southwest represent wheat that is being stored, and which later may become impounded. There were more than 1,500 cars of wheat in Kansas City today; ordinarily this would bring some pressure, but we cannot overlook the fact that the Kansas City market is about 5 to 6¢ under the loan. Therefore, farmers are reluctant to part with their wheat on a big scale. Nevertheless, premiums are not at all strong; ordinary #1 hard wheat sold today at the July price at Kansas City, with #2 hard wheat 1/2¢ under. We find whenever the Chicago May wheat future sells 1 or 2¢ under the loan that there is some support, and apparently this stemmed the decline yesterday even when corn showed great weakness.

While we still look for a very large wheat crop in this country, we must be preparedfor only moderate results in Canada, and later on we may have a short crop in Argentina based on the prevailing acreage. Last year they had extremely good results on the sown area, but generally that country does not have the big yields which are experienced elsewhere, particularly in North America. It, therefore, behooves one to consider what the situation may be next January if large quantities are under loan here in this country, and if two of the other major exporting countries have only moderate quantities to sell to Europe.

CCC purchases last week were reasonably heavy, with 7.8 million bu of wheat taken by this agency, 92,032 bu of barley, and 1.7 million bu of grain sorghums. This was in addition to smaller taking of flour, which in wheat equivalent, amounted to 753,000 bu. Thus it can be seen that these are likewise sustaining influences when not much is being sold.

Primary receipts of wheat were again very large and amounted to 7,095,000 bu compared with 2,042,000 bu last week and 3,716,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a net increase of 1,172,000 bu.

At the usual time when the CCC came out withits bids, they reduced the premium to 9¢ over Chicago July for wheat at the Gulf, which is 1¢ per bu lower than heretofore. Undoubtedly they were influenced by their tremendous purchases during the past three days, and for the period ended Tuesday they bought 9.6 million bu of wheat and 2.8 million bu of milo through the Kansas City regional office. Apparently with some congestion at gulf ports they are not anxious to over-extend their activities right now. In any case, wheat prices were rather firm for the reasons that have been explained earlier. We believe much of the firmness during the past three weeks has been due to light country offerings, and it will therefore be interesting to see how much is finally impounded under the loan.

Corn showed a tendency at times to recover, but recent liquidation has unsettled the market, although the deferred futures are firm probably for the reason that end products are so strong, and it is thought that cattle and hogs will probably continue to bring good prices.

Reports from Illinois intimate that while combining of oats has started in

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CHICAGO, 4 · July 8, 1948

Nobody likes inflation, but yet it takes courageous steps to halt it before it becomes too late. This fiscal year 1947-48 closes with history's largest surplus of $8.4 billion, an annual amount that would suffice to stop the inflationary boom in another year, if not before, provided it would be used to deflate the Federal Reserve portfolio and the banking system. However, nothing of this kind seems to be contemplated. Even the mild attempts at inflation control earlier this year have all been abandoned in the general prosperity enthusiasm.

We also have in agriculture the parity concept on which farmers' loans have been based, and it is timely to call our readers attention to the fact that the first wheat loan in Chicago in 1938 was 77¢ per bu, while at the present time it has advanced to $2.29 per bu. The so-called parity price quaranteed by our government has really turned out to be a form of subsidy. In the case of potatoes it showed that a guaranteed price level was an incentive to keep producing a commodity beyond its market outlet, and thus to create unsaleable surpluses instead of using land and labor for more important purposes. The price of such an article in over-supply is maintained high, and so is the price of another article, the shortage of which might otherwise have been remedied. In addition to this, the farmer knowing his price shall probably not fall below the fixed level, will undoubtedly gamble on the expectation of higher prices by hoarding his product.

This is what happened in the case of the wheat farmer last summer, and to a lesser extent, is occurring at this time. As industrial goods increase in price parities must be continually raised. This has occurred almost each month since the program started in 1938, thus boosting farm prices in proportion. Their rise has given upward impetus to wages and manufactured goods, which in turn raised parities further. The result has been that this merry-go-round grew the more vicious as the industrial sector began to show the inflationary effects of the third round of wage increases, and of the new wave of augmented costs in general. How it will end probably nobody knows, but apparently we shall at least have one more year of the same tonic, although it is to be hoped that after that some modification may be sought if we want to stem the ever-increasing rises which otherwise would be inevitable. At the present time the consumer demand is very strong for meat and related articles with fewer animals on farms, with the result that the price of most livestock products are at or near record levels. According to BAE, meat and meat animals now average the highest on record, and may go higher this summer and early fall. Meat output is expected to continue running one-tenth below a year earlier through the summer and fall. This authority also states that although crop prospects indicate another year of heavy production that price declines as harvests are gathered are likely to be small. The chief exception is feed grain. If the corn crop is much larger than last year, as present prospects indicate, then feed prices are likely to drop substantially.

Overnight news indicated some rather nice rain in Saskatchewan with [illegible] chances for lower temperatures in Montana, and moderating in other sections of the Northwest by tomorrow. Also, some general showers are expected, all of which gave us a slightly lower opening this morning, particularly as there were fewer hedges taken out of the pit against flour sales. Moreover, weather reports in Europe were somewhat better with higher temperatures and occasional sunshine in the central part, while in southern portions it was clear. Broomhall, in a tentative estimate, figures that European wheat production exclusive of Russia, may be 1,404 million bu this year compared with only 1,017 million bu last year and 1,275 million bu in 1946; this compares with 1,600 million the pre-war average.

Primary receipts of wheat were very large and amounted to 6,389,000 bu compared with 2,543,000 bu last week and 3,713,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 2 1/2 millinn bu.

With fewer hedges taken out of the wheat pit and some improvement in weather looked for, prices were easier and one must bear in mind that before long there is going to be tremendous congestion, in fact, some difficulties have already arisen and we hear of elevators in Kansas that will only accept wheat which is being sold and cannot take it for storage. In corn the crop outlook is about perfect and the Iowa State Report claimed that corn fields were showing a uniform deep green color and that there were practically no drowned-out spots. They also state that it was doubtful if the outlook had ever been better at this time of the year. Consequently this had some influence on the market. In oats, the July interest is still very large at 15.4 million bu and it seems to be a race between longsliquidating and the harvest downstate, which is somewhat later than usual.

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CHICAGO, 4 July 9, 1948

The wheat situation is somewhat complicated, at least as to the handling of the tremendous winter wheat crop, and today set another record with nearly 2,000 cars having been received at Kansas City, which further increases the burden of getting grain unloaded in that market. Apparently the rains which we had a few weeks ago held up the movement, and now everything is coming with a rush. In fact, country stations in Kansas are getting completely blocked, and we have heard in some instances where wheat on the ground was offered at 10¢ under the market, but, of course, it bears certain risks being at the mercy of the weather. Some of the country stations are reluctant to take storage wheat at the moment, because of this congestion, and they figure that about the only grain that can be handled is that which goes right on to some terminal market rather than to tie up facilities completely. This, of course, may create temporary hardships upon farmers who want to avail themselves of the loan, but by the same token it is not having much market influence for the reason that conditions such as are being experienced now are generally temporary in character. However, it is generally felt that storage space has been greatly increased during the past ten years, and finally there will still be very large quantities impounded.

Thus, when May wheat in Chicago was about 1/2¢ under the loan price there was some support, and there were also some buying orders apparently against flour business both here and in other markets. CCC is still bidding for wheat at the Gulf on the same basis: namely, 9¢ over July, basing these transactions today at $2.29 for Chicago July, and very likely some business is again being put through. The recent PMA awards also acted as a factor in the last couple of days in stemming declines, which might otherwise have taken place.

Overnight weather was not completely satisfactory, although there were some scattered showers in Minnesota with lower temperatures reported, and the chances are that more rain will be received in that state within the next 24 hours. Most of Nebraska had rain, and there was some also in central Kansas, and in parts of Texas, but apparently harvesting operations in winter wheat are not being much impeded. The story seems to be the same everywhere, namely, yields are running above early expectations.

After the close of the market tonight we shall have a government report, and very likely there will be improvement over the earlier estimate. Just what the report on spring wheat will be remains to be seen, as relatively high temperatures may have taken some toll from what otherwise might have been a very large crop. However, in spite of some of the pessimism that we have heard, the outlook for spring sown grain remains very favorable. Today's government report will also give stocks of grain on farms as of July 1st, and from this we shall be able to calculate the quarterly farm disappearance. Last year the corn disappearance from April to July 1st amounted to 599 million bu, and at that time there was 677 million bu remaining on farms against 1,276 million bu on April 1st. This year April 1st farm stocks of corn were 849 million bu. Some people believe that we may have a little bullish figure given today, although we have no way of caluclating it ourselves due to the fact that the animal population has been drastically cut, which, of course, was necessary because of the very small corn crop which was raised last summer. In any case, corn bookings from the country are not heavy. July corn continues strong, at least in relation with the more deferred months, as there is only about 537,000 bu of deliverable corn in Chicago, and much depends on how stubborn the longs are in reducing their commitments. In oats it is very much the same situation with the open interest declining very slowly, and there are practically no contract stocks here - last Monday only 47,000 bu, but, of course, much will depend on whether or not the new crop is harvested in time to have Chicago stocks built up.

Primary receipts of wheat were again very large and amounted to 7,416,000 bu compared with 3,471,000 bu last week and 4,795,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 4,084,000 bu. When the visible supply is posted on Monday there is bound to be a big increase depending on the number of cars that could be unloaded at terminals. It will compare with an increase last year of 11 3/4 million bu.

The wheat market was weak at the start but regained some of its losses probably for the reason that the trade feels that large quantities will go into the loan and that the present congestion is more or less temporary. However, cash wheat in the Southwest is very weak compared with futuresbut unfortunately not many people can avail themselves of the present opportunity to buy. The nearby deliveries of corn were weak. Longs are a little more on the defensive and while there are no big stocks anywhere in the country the present premium of cashover futures and over the de-

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 12, 1948.

Since our last market letter we have had the government crop production report for July and the figures surpassed all expectations. An indicated yield of corn of 3,328 million bu would be the largest crop ever harvested, although as we have pointed out on two occasions, we had as much or more forecast in July, but the final results fell down owing to some adverse weather between July and harvest. July is generally a rather critical month for crop development, and some people have pointed out that it is never safe to figure on the condition being maintained unless very good weather prevails until about August 8th. Consequently, it was rather encouraging to see that some rains were forecast for the corn belt as well as for the Northwest, because a prolonged dry period now might cause some deterioration. The wheat crop has also turned out better than was ealier anticipated. Total production of 1,241 million bu is somewhat smaller than the 1947 crop of 1,365 million bu. But yet it looks as th ough we were harvesting the second biggest crop in history, and even though spring wheat production has been cut to about 290 million bu, winter wheat approaches 952 million bu. It is, therefore, much better than was considered likely a few weeks ago. For example, some of the pessimists were figuring Kansas might raise only about 125 million bu, while actually 196 million bu is now in prospect. Oklahoma has a promise for 98.4 million bu; Texas for 57 million bu, and Nebraska for 71.5 million bu. Likewise the outlook in the soft winter wheat belt is highly optimistic, and Illinois will presumably have a crop of 37 million bu, Indiana 39.6 million bu, Ohio 61 million bu, and Missouri 36.5 million bu.

However, despite all this optimism there is no particular pressure on markets, although the embargo at Kansas City persists and it may be a week or so before it will be lifted. However, most people are of the opinion that this is only a temporary affair, and that finally a gooddeal of grain will be impounded, and so with the 400 million bu that is likely to be exported, it is only a question of time before we eat into our surplus, and may yet have a tight situation if our domestic consumption (even with a big corn crop) might exceed 750 million bu. The government likewise showed glowing prospects for oats, with 1,425 million bu in sight, and a barley crop of 307 million bu to be harvested. It is very seldom that we have combined big production of all crops, and there is a saying that weather which is good for wheat is bad for corn, and vice versa. But apparently with better farm technique, improved seed, and other advancement in agriculture, we are getting somewhat away from these old-time theories, particularly when moisture conditions are satisfactory.

Farm stocks of corn are now given as 426.5 million bu compared with 677.3 million last year and655.7 million the ten-year average. Probably the amount remaining on farms is a little more than had been expected, but it does prove the great benefits derived from our system of marketing through organized exchanges. Whenever supply and demand factors are permitted to function in a somewhat normal manner, a proper adjustment between production and consumption is reached. We had the experience during OPA when corn supplies were dissipated even when bumper crops had been harvested because prices were held artificially low. During the past season a relatively high price curtailed consumption, and while it brought about great economies in feeding, it solved many problems, which we believe politicians could not have handled as well through artificial stimuli. A short corn crop a year ago, which amounted to 2,400 million bu, looked as though it might bring about many hardships, but these were overcome because of the factors to which we just referred.

When the visible supply of wheat was posted there was an enormous increase of 18 1/2 million bu; it would have been even more had all the cars in various terminals been unloaded, but this apparently is a slow process. Chicago wheat stocks increased to 422,000 bu, and it will take a little time yet before arrivals here are heavier. The corn visible decreased 782,000 bu; total is only 4.3 million bu, or about half as much as last year. The oat visible increased slightly, but the total in all positions is less than 1 1/2 million bu, although even last year there was only 3.7 million bu in various positions, and it has been years really since we have built up a terminal supply.

In spite of the tremendous increase in the visible supply, wheat prices were rather firm, with the CCC willing to buy, but reducing its premium basis.

UHLMANN GRAIN CO.

This is not a solicitation of any order to buy or sell but merely a current market bulletin, any statements of fact herein contained are derived from sources

DAILY MARKET LETTER

MEMBERS:
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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

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141 W. JACKSON BLVD.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 July 13, 1948

There was not a great deal of grain news overnight, but the heat wave has apparently been broken over the Mid-West, and cooler temperatures also reported in the Northwest, with some scattered showers but spotted, and, of course, this is very beneficial at this time. Our markets lately, while heeding weather conditions, have also been influenced to a large extent by available supplies, and this is not only true of wheat, where presumably large quantities are being impounded, but also of coarse grains, where we have really never built up supplies at any time during the past twelve months at various terminal markets. We cited yesterday in the visible supply figures how little corn and how little oats were at the various markets, and as far as Chicago is concerned, even at this time bookings are not particularly heavy, although July corn is selling at big premiums over the deferred months; likewise, cash corn is even higher. The liquidation which we had last week has probably strengthened the technical situation of the market, and at the opening this morning both July and September corn showed additional firmness, but it is quite apparent now that until the nearby futures expire there is bound to be nervousness, depending on whether longs or shorts take the initiative.

There was some delay in Kansas City in announcing CCC prices. Apparently officials had been in conference, but a little later than usual they announced that the price was 6 1/2 over Chicago September, which meant about 8¢ over our July, and undoubtedly they are satisfied with the quantities of wheat that are being bought from day to day. For example, yesterday purchases amounted to 1,340,000 bu. They also bought 360,000 bu milo, although we understand that this was grain at the gulf that had to be shipped out immediately because of congestion. CCC has likewise extended until August 15th their bid for warehouse receipts for wheat, and apparently this is done because of the fact that gulf ports are either embargoed or on a permit system, and it is not easy to make shipments to those destinations until export clearances improve.

Conditions in Europe, while not entirely satisfactory, are not too pessimistic, and Broomhall claims that while there has been deficiency of sunshine, no noticeable changes in the overall crop outlook are evident. He still figures that there will be 400 million bu more wheat than last year but that the crop will be some 200 million bu below prewar. Consequently import needs will remain quite high in order to increase the bread ration and to build up some reserves. He does not believe that the Danubian Basin and Russia will be in position to supply more grain this year than last. Hence, our government's intention of exporting 400 million bu wheat from the United States will probably find fulfillment.

There are still some pessimistic comments coming from our Northwest owing to the fact that temperatures early in the week were so high. However, it is admitted that quite general showers and lower temperatures have proved beneficial. Therefore, there is still a chance for a fair spring wheat crop, and chances are that their total wheat production this year will be enough to take care of all domestic uses plus big exports, but after that comes the question of the amount that may be impounded, which had previously led us to the belief that we still could have a tight situation before the season ends. It may take time to eat into our surplus, and right now there are carrying charges for the various delivery months, but whether we shall have these beyond December is difficult to state, and we rather feel that it is questionable.

Primary receipts of wheat today amounted to 5,708,000 bu compared with 15,089,000 bu last week, and 4,043,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of more than 3 million bu.

Trade was quite fair at times, and after firmness early markets yielded some ground. Hutchinson is embargoed and some of the other interior markets in Kansas may follow suit shortly. We are told that wheat lying on the ground is selling at 15¢ under the market.

Corn prices, too, which were firm early were not maintained, and there were reactions; even in the Northwest, where it has been dry, reports are coming in quite optimistically. The July future, however, is bound to be erratic, and will at times influence other deliveries.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 14, 1948.

More moderate temperatures are recorded in the Northwest as well as in the Central States. During the past twenty-four hours, there have been some light showers over portions of the Northwest, western Nebraska, and Iowa, and light to rather heavy showers over portions of Missouri and Indiana, extending this morning into Illinois. The forecast suggests continued cool weather with some local rains in the corn belt. Otherwise there was not a great deal in the overnight grain news. A very close friend of ours in the Northwest wires that close to bumper crops are expected on the Northern Pacific from the Red River to the Rocky Mountains and that surface moisture has been received. The Great Northern Railroad reports good crops out to Minot, while north and west of that section a more spotted condition exists, although undoubtedly it is being benefited by the cooler weather. The same party believes that the government estimate can be exceeded by one bushel per acre. The Iowa weekly crop bulletin points out that the hot weather the past week continued to force crop development and that corn and soybeans made excellent progress although there was probably some shrinkage in oats. Soil moisture is considered adequate for corn at the moment, although as the crop approaches the critical pollinating stage further rains will be necessary. The Missouri weekly crop bulletin points out that harvest of wheat is practically two-thirds completed against 55% on the same date last year. Wheat yields are turning out better than earlier expected, but at the time of writing wet fields were somewhat hampering harvesting operations in the low lands. They reported oats about average, early corn making good growth, and prospects for a good corn crop continue to be excellent with a near record-breaking yield expected.

Yesterday after the close of the market the official Canadian report was issued, giving the condition of all wheat as 95 against 125 a year ago. No estimates have yet been made as to final outturn. According to Broomhall, the official estimate now places the French wheat crop at 258 million bu. While this is lower than earlier estimates, it still is a substantial increase over a year ago. Weather over much of the Continent has been unseasonably cool and wet, although the over-all grain outlook has not been affected to any material extent, the quality may be somewhat lowered, but production figures are being held around earlier estimates. Harvesting of wheat has virtually been completed in Italy with a good crop indicated, while corn prospects are favorable, with moisture supplies abundant. In Australia, with the exception of the western area, which has suffered from drought, the new wheat crop in that country has obtained a good start, although preliminary estimates place the acreage somewhat below that of last year.

Commodity Credit Corporation reports the purchase of 17 1/2 million bu wheat from noon of July 2nd through July 9th, and flour equivalent of 1 1/2 million bu. In trying to combine their figures, it would appear that they have purchased up to July 9th approximately 22 million bu more than has been allocated for August. Their purchases since that time have been rather extensive, and, therefore, it would appear from the surface that requirements of wheat through September with the exception of flour have been pretty well obtained.

The Wabash Railroad released a crop report as of July 9th, in which they stated that along their road corn in Iowa showed good growth and development and is knee-high or better. For Illinois, they report growing conditions ideal; plant has made splendid growth. Indiana, while weather conditions have been favorable, some fields had become weedy due to rains and inability to cultivate.

Primary receipts of wheat today total 5,597,000 bu which compares with 7,095,000 bu last week, and 4,785,000 comparable day last year. So far this week, Minneapolis and Kansas City stocks of wheat show a net decrease of 4,851,000 bu.

The CCC reported 435,000 bu purchased through the Kansas City office for the period ended noon Tuesday, although none was obtained in the Northwest. Their price today was $2.29 1/2, basis Chicago July, with a premium of 5 1/2¢ at the Gulf for delivery to August 15th. This was again a reduction of 1¢ per bu from their previous price.

Congestion still exists throughout the Southwest and either embargo or permit system is enforced at most markets. This has led to a rather demoralized effect. Farmers are stacking wheat on the ground and offering same at a large discount but due to restrictions very little can be purchased. It will no doubt take some time before the situation is cleared up throughout the Southwest.

Premiums for corn and oats showed strength with country marketings on a small scale. Rains in Illinois and Indiana are temporarily acting as a hindrance to the movement of grain.

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CHICAGO, 4 July 15, 1948

Now that the Conventions of the two major parties in the United States are a matter of past history, President Truman, in his acceptance of the nomination by the Democratic Party, stated that he will reconvene Congress on July 26th. This being an election year it is difficult to appraise as yet the length of time that Congress will stay in session or the problems that will be handled. No doubt many major questions will have to await the new Congress of 1949.

Before adjourning last month new farm-support legislation was passed, although we believe it will be subject to overhauling in 1949. With bumper crops now being harvested or in prospect in this country, values of the important crops are at or close to the loan, while such items as potatoes and eggs are being actively purchased by the government in carrying out the support programs. With wheat selling approximately at the loan, large quantities of this cereal are being withheld from the market, and at least temporarily being stored by the producer. This is no doubt keeping supplies out of normal channels, and also, aggravating the present congestion which exists in the Southwest.

The United States is the only country in the world which has free markets, although at present same are being hampered by support programs, and we trust that at some not too far distant time corrections will be made. The original concept of the loan was not to guarantee the farmer a splendid profit for his product but rather to keep farm prices from being unduly depressed. This country with its open marketing system has been a tremendous factor in relieving conditions abroad, and in producing large crops. Europe has been supplied with our grains at what has been considered a fair price. This is in comparison with the 75,000 tons which Eire bought in February from the Argentine, and was forced to pay $5 a bu. As Sanford Evans points out, under bulk buying there is no way of stopping a bulk seller from holding a pistol at the buyer's head if he wishes to do so. While under the open market system, with the multiplicity of small transactions, buyers were never dependent on one seller or sellers on one buyer, and there could be no exploitation possible on either side. Broomhall in a recent article also points out the tremendous part played by this country in contributing to world's needs, stating that none of the other exporting countries have been able to match our efforts even though our domestic crop of corn last year was very poor. This source also attributes the success of the United States in meeting requirements to our open marketing system, which has enabled the correct price relationship to be maintained between wheat and maize and in this way has prevented an abnormal domestic demand for wheat for animal feeding.

As we approach the end of the 1947-48 season, which was, indeed, a trying one for importing countries, their needs have been met, and it now appears that the carryover stocks in the exporting countries will probably be 100 million bu larger than a year ago. World wheat exports, including flour, will exceed 800 million bu; in fact, for the period August 1st to July 1st, in other words with four weeks to go, exports from the four exporting countries: Canada, the United States, Argentina and Australia, have totaled 798 million bu, of which this country alone furnished 418 million bu.

Primary receipts of wheat totaled 5,586,000 bu compared to 6,389,000 bu last week, and 3,896,000 bu last year. So far this week Minneapolis and Kansas City stocks show a total increase of 6,675,000 bu.

Congestion still exists in the Southwest, although from what we understand the situation is becoming somewhat relieved at several points. Some factors in the trade are asking to have the embargo lifted in Kansas City on wheat coming in for sale which is not for storage purposes. Elevators all over the country have been doing a magnificent job in unloading cars, helping to alleviate the situation.

The CCC's price in Kansas City this morning was $2.29 3/4 basis Chicago September, with 5 1/2¢ premium at the Gulf for delivery to August 15th. The same office announced the purchase of 205,065 bushels of wheat there for the period ended noon Wednesday. Apparently since their basis has been reduced to 5 1/2¢ offerings have been lighter. The demand for cash wheat in the Southwest has been rather limited. Last year at this time many sales were made going eastward.

July corn again led the market advances, and cash premiums showed a further tendency to firm. With eight trading days left the open interest in July corn stands at approximately 7 1/4 million bu, and July oats about 13 1/4 million.

Weather remains favorable in the corn area. Good rains fell in western Manitoba, also in southeastern Saskatchewan, while scattered showers occurred in Alberta.

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CHICAGO, 4 July 16, 1948

In the Agricultural Adjustment Act of 1933 the declared policy of Congress was to "reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period." Later Acts of Congress defined parity by slightly different wording, but without essentially changing the definition above. When a producer of, say, wheat considers "parity" he means a price for a bushel of wheat that will buy in the market the same quantity and quality of non-farm commodities that a bushel of wheat commanded in the 1909-14 period. This concept, of course, looks perfectly proper in theory, although in practice we believe that it has been one of the most inflationary remedies ever proposed in dealing with our agricultural problems. Before the advent of parity farm prices were always extremely important, and it was generally recognized that prosperity springs from the soil. However, it was also felt that the farmer could not generally get as much for his product in years of heavy production as he could in years when crops were poor. However, very often his net income was just as large when his crop was small for the reason that the higher price was an offset. Conversely, he sometimes had to work a little harder in those years when we had bountiful crops, but his income was still pretty well maintained even though the price often declined to lower levels. The important thing was that we had a balance between supply and demand, and thus over a period of many years we never had tremendous carryover reserves at the end of the season, such as we had in 1942 and 1943 when parity was comparatively high and the loan brought about tremendous impoundings.

We believe that a tabulation since 1938 will show rather graphically what we have in mind and how the loan during the past ten or eleven years has been stepped up to such an extent that we are wondering how far this joyride may proceed before we come to a rather sad realization that we have to change our methods of doing business. The following represents the loan in Chicago since its inception for hard winter wheat:

1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
77¢	80¢	81¢	$1.15	$1.32	$1.42	$1.56	$1.59	$1.70	$2.08	$2.29

The same comparison might be made for other basic commodities, although in corn there has never been a Chicago loan, and while we have some basis for measuring what it would be, taking freights into account, the same picture might be drawn showing the farm loan, which has steadily increased since 1938, and which might also at some future time bring about disastrous results notwithstanding the fact that our consumption of corn is so tremendous and the bulk of it is fed to livestock. However, we should like to point out that in wheat there is always the danger of big surpluses being accumulated again after Europe gets back on her feet, and even this year it appears as though 400 million bu more would be produced than last year, and we cannot always count on shipping such heavy quantities to Europe as has been the case during the past two or three years because after all other surplus nations such as Canada, Argentina and Australia may want to again enter the export market since those nations with smaller populations consume only moderate quantities at home, and depend to a greater extent during normal times on their shipments than we do in this country.

Primary receipts of wheat amounted to 4,930,000 bu. This compared with 7,416,000 bu last week and 4,750,000 bu last year. Minneapolis and Kansas City stocks show a net increase for the week of 8.3 million bu. When the visible supply is posted on Monday it will compare with an increase last year of over 16 million bu.

Reports are coming to us that very heavy amounts will probably be impounded under the government loan, and this is confirmed by governmental agencies, all of which is natural in view of the fact that in many parts of the Southwest prices have been relatively cheaper than the loan. It is thought that the Association of American Railroads may ban shipments of wheat to any storage point in Kansas, Nebraska, Colorado, Missouri, Oklahoma, or Texas, effective at midnight. However, such an embargo may not be for wheat shipped to terminals for the purpose of sales but is only intended to halt the flood of storage wheat. Weakness in corn after an early show of strength also had something to do with sentiment.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 19, 1948.

A week from today Congress will meet in special session on call of President Truman. We understand that new legislative proposals for price controls will be introduced immediately after the special session convenes on July 26th. Chances are that limited rationing and price controls will be demanded, although the Presidential Secretary stated that no anti-inflation program had been discussed. It seems too bad that the question of economy may not even be given consideration during this special session. Senator Harry F. Byrd pointed out in the Senate recently, "The Republicans have done a lot of talking about economy but have accomplished little. The Democrats in the high command have not even done any talking." The annual cost of the federal payrolls is now at the rate of about $6 billion. This sum is nearly twice the cost of the federal government when the Roosevelt administration came into office on March 4, 1933. Our annual federal budget will approach $50 billion, and maybe more. In other words, we may soonspend in one peacetime budget more than the total cost of World War 1. If ever there were an opportunity for retrenchment, now is the time. Almost nothing has been done to reduce the federal employees on the regular rolls. The year before the war we had less than one million employees. Now we have two million, and the federal employees are increasing at the rate of 500 per day. In fact, it is anticipated that even a larger increase will occur from now on. Indeed there is something constructive for our Congress to do, but it means that both parties must discontinue to vote in favor of appropriations which have added so heavily to the taxpayers' burden.

When our market opened this morning, it was influenced by some of the bearish factors that had been noted on Saturday. Cash wheat premiums seem to be weak in the Southwest, and it looks very much as though Missouri river points might ship some of their grain to Chicago. There is about 30 million bu wheat instore in Kansas City but still a fair amount on track, and it will not be long before public storage space in that market will be completely filled.

CCC this morning reduced its premium for gulf wheat to 4¢ over Chicago September, which makes it less attractive to do business, but still their purchases have been so large up to this time that they can be a little independent.

Weather has been mostly clear with reasonably high temperatures, although nothing excessive. In a few localities of Kansas and Nebraska heavy rainfall was noted, but elsewhere generally fair. Chances are that some widely scattered showers may occur over the corn belt and in our Northwest during the next twenty-four hours. Meanwhile, the corn crop is making wonderful progress, although rains will soon be needed. One factor that we do not want to lose sight of is that even though storage at the moment is scarce, with prices considerably under loan levels, there is still every chance of very heavy impoundings. We recall that in 1942 when the crop was 981 million bu, a total of 406 million bu went into the loan. This was 41% of the crop. In 1941, with a crop of 943 million bu, 365 million bu went into the loan, or 39%. Thus with exports of about 400 million bu and a fairly large domestic consumption, we might still have a very tight situation later on, despite quite the contrary picture which faces us at present.

The primary movement, while smaller than last year, was still big considering the embargoes and difficulties of getting grain to market. When the visible supply of wheat was posted, there was an increase of 24.3 million bu, bringing total stocks up to 95 1/2 million bu compared with 52 1/2 million bu last year. This, however, did not have much market influence and actually December and May wheat were a shade higher at the close probably due to the fact that they are selling below the loan level.

Weakness developed in coarse grains and at one time July oats broke the full permissible 6¢ owing to the fact that the oat crop in this state is ready for cutting, and it is felt that there may be sufficient receipts here before end of July to fill tenders on contract. The oat visible showed an increase of 199,000 bu but still makes the stocks at terminals very small. In corn, there was a decrease of 521,000 bu with only 3.7 million bu of corn in the total visible supply. The nearby delivery continues erratic and will probably continue that way until trading terminates.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 20, 1948.

The Commodity Credit Corporation is having little difficulty making the purchases each day, and the present buying price for wheat at the gulf is 4¢ over Chicago September, which is not particularly attractive, but apparently they figure that they are getting sufficient quantities to take care of engagements, especially since there is so much congestion at gulf ports. During the past week they bought 12 1/2 million bu wheat, 478,000 bu barley, 360,000 bu sorghums, and 17,000 bu rye, so that their activity seems to be quite constant. Since July 1st total wheat purchases have amounted to 33.7 million bu plus 122 million lbs of flour.

Naturally, European demands will not be so great at the beginning of the season as they might be later on, but in any case this year's production of all bread-grains in Europe, excluding the Soviet Union, is expected to be about 35% higher than last year, although is about 13% below prewar average. The outlook for most other crops also continues to be favorable. As we reported a few days ago, according to present promise the European crop is forecast at 1,450 million bu compared with last year's small crop of only 1,015 million bu, and an average of 1,588 million bu in the prewar years. One must take into account that population is considerably greater, but on the other hand people are eating less with rationing in most countries. Taking some of the more important nations of Europe, we find that France will have a wheat crop of about 275 million bu, almost twice as large as last year's failure crop, and 287 million bu prewar. Italy is estimated to have a yield of 255 million bu compared with 205 million in 1947, and 279 million bu prewar. The United Kingdom, which never used to raise very much wheat, and which was generally the largest single importer, taking about half the wheat that was imported to Europe, will produce about 95 million bu wheat this year, which is 50% above both last year and prewar. Thus there is an easing in the general demand except that we cannot forget that Canada's crop is turning out poorly; therefore, any deficiency from there must be accounted for by added U. S. shipments, and our government still figures that about 400 million bu will be cleared during the current crop-year, with some authorities even mentioning a higher figure. It is always somewhat difficult to get accurate reports from Russia, but she apparently is expecting a good and an early harvest. The advices that Broomhall had received at the beginning of the month suggested that the Ukraine and Siberian conditions were consistently good, although in the Volga district weather had caused some doubts as to the final yield. Inasmuch as Russia is not an importer and will have some quantities to spare for shipment to neighboring countries, not too much attention is paid to her statistics, which at best are only sketchy.

The stock market, which had displayed such great weakness yesterday, showed a slight recuperative power today, and our grain opening was firm, as there has been a better sentiment in wheat since prices have been at or under loan levels, and other adverse factors have not acted as a depressing influence.

There seems to be some improvement in flour demand, although millers are reluctant in selling too far ahead on basis of present conversion changes. Cash wheat discounts are wide, but it is felt that this is due to the congestion and that later on a better relationship will occur.

There seems to be little trade yet in rye, but at a discount of 40¢ or so for the May delivery under wheat, it appears to be a big difference for this bread-grain, particularly with only half a crop of rye raised. The only factor probably to be considered is that usage has also been curtailed, particularly for distillation.

Primary receipts of wheat were over 6 million bu, slightly more than last week, and 50% more than last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1 1/2 million bu.

The trade paid little attention to a showery condition which is forecast, and to some scattered rains which have occurred already in Iowa, Montana, and the Dakotas. We believe more attention was paid to the good flour business today, which meant removal of hedges from the market. We heard that one or two large bakers are inquiring for more, and that PMA will also ask for offers at the gulf tomorrow. September allocations were announced, and this brings the aggregate of all grains for the first quarter of 1948 to 141 million bu. On that basis the total for the year could be very large, although, of course, the first quarter may be larger in proportion to the later periods.

In any case, sentiment was a little better, although July corn did not show any particular strength; the open interest in this future, as well as in July oats, continues big, and we expect erratic fluctuations until the trade terminates on Friday.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 21, 1948

We understand that when Congress convenes the President will ask that he International Wheat Agreement be ratified in order to provide a pact whereby the hree exporting countries, consisting of the United States, Canada, and Australia, would be guaranteed a market for 500 million bu wheat to be exported annually for ive years at a specified scale. Our share would be 185 million bu, Canada's 230 million and the Australian quota 85 million bu. In view of the fact that we shall probably hip 400 million bu during the current season, we cannot see very much logic to the lan for the immediate future. The maximum price will be $2 at the seaboard, and ince the farmer gets a loan of $2 on the farm, there would immediately have to be ubsidies provided to take care of the loss in freight, as well as other charges. The rice will gradually be scaled downward so that by 1952-53 the minimum would be $1.10 per bu, and we doubt whether there is much protection for the farmer under such a plan. It has been characterized by the Chief of the Office of Foreign Agricultural Relations of the U. S. Department of Agriculture as "the biggest inter-governmental deal in history."

The objectives of the Agreement, according to the preamble, are "to assure supplies of wheat to importing countries, and to assure markets to exporting countries at equitable and stable prices." The Agreement is to be administered by an International Wheat Council, made up of one delegate from each of the thirty-six contracting countries, all of whom shall be bound by the decisions of the Council. It will have many decisions to make owing to the fact that it is vested with large discretionary powers, besides being charged to see that the mandatory provisions of the Agreement are obeyed. One of the mandatory provisions is that each exporting country shall carry large reserves of wheat from one crop to another. The intent evidently is to forestall what might be the specious plea of an exporting country that, because of one short crop, it must be excused from delivering its quota. Another article forbids an exporting country to pursue any domestic price policy calculated to frustrate the price policy of the Agrement. Under this provision we might get into trouble almost immediately, in the event that we would be accused of feeding more wheat than some of the importers thought might be necessary. It might also prevent our carrying out nutritional programs for the purpose of stimulating domestic consumption unless the Council were satisfied that the importing countries, of which there are thirty-three, would be able under other circumstances to buy all the wheat to which they were entitled at the minimum prices fixed in the Agreement. As the Financial Post in Toronto has stated: "This Agreement instead of offering the wheat grower stability does exactly the opposite. Only a fluctuating price, high when yields are small, lower when yields are large, can do that." We hope that when Congress meets, they will go into this thing thoroughly, study it as we have before coming to a decision, because it looks very much as though it would restrict private enterprise far beyond need and reason, while at the same time seeking to perpetuate State trading, government restrictions, and controls.

Primary receipts of wheat were a little smaller, amounting to 4,205,000 bu compared with 5,597,000 bu last week, and 5,660,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2.8 million bu.

There must have been a fairly good flour business overnight to PM.A. This took hedges out of the pit and created greater strength in the September than in the deferred months. Some deliveries are being made on July contract, and there is quite a wide carrying charge between July and September. In corn the two old-crop months were the weakest, and despite rains in the corn belt, with probably more to come, the deferred futures were reasonably firm. One of our friends in the Northwest believes that recent moisture has improved conditions to a point where a spring wheat crop of 300 million bu is almost assured, and it might be a little better under favorable conditions. July oats were weak compared with later deliveries, but the open interest is liquidating slowly.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 22, 1948

The government support programs have in the main not caused much difficulty during and since the war years for the reason that consumption was so large, although in potatoes surpluses were built up. In one instance large quantities were shipped from Maine to Chicago and put into storage, and the storage paid at the rate of 25¢ per bag for the first month and 15¢ per month thereafter; then were finally reloaded into cars and shipped to New York for export at another increase in cost to the taxpayers. According to the best figures we are able to gather, despite vigorous and aggressive action by the Department of Agriculture to handle this surplus, more than 25 million bu was lost entirely, and the net cost of the price-support program for the 1946 crop approximated $89 million. Direct steps were taken by the Department, according to the Secretary of Agriculture, to minimize price-support costs and wastes for the 1947 crop. Supports were limited to those farmers who remained within potato acreage goals, and the best current estimate is that whenthe books are closed, the 1947 price-support operation will have cost about $45 million.

As we see it the larger the crop of wheat, the more chance for heavier impoundings,and nobody can guess the quantities that will go under the loan between now and December 31st, but some people believe that if storage is available, possibly 35 or 40% of the crop will lie sterile, and it will probably take about 16¢ in various charges if wheat is stored for more than six months to bring it out. Thus if we ship 400 million bu for export and consume about 750 million bu at home, the balance plus a large part of our carryover reserve will be withdrawn from commercial channels. Consequently, we shall have an artificial price level later on at a time when anti-inflation measures are being discussed by the President, and will probably be brought up before the Congress when it convenes next Monday.

The overnight news was generally satisfactory with respect to weather. Rains had been general over the corn belt, but there was little in our Northwest. Chances are that more moisture will develop in the Central States today, clearing by tomorrow. There was also heavy rain again in many parts of the Southwest, which was not particularly welcome, and some deterioration is likely to occur, particularly if fairly large quantities of wheat are stacked on the ground, and it may be several weeks yet before this grain can be properly housed.

The Chicago corn-hog ratio for the past week was 11.7 compared with 11.4 a week earlier and 10.3 last year. Of course, it must be taken into account that cash corn is selling at very large premiums over the new-crop futures of corn; therefore, a different picture must be drawn taking into account that if the crop prospects are maintained we shall have much lower corn prices within the next four or five months. Also, having full regard for the high price for hogs and livestock and a relatively high corn loan, there seems little incentive to sell new corn futures short except that a good many people believe that storage will be so scarce by that time that the yellow cereal may be depressed due to technical reasons, the same as cash wheat is selling at big discounts now under the future, with many farmers having difficulty getting storage in order to take out the loan.

Primary receipts of wheat today totaled 3,636,000 bu vs. 5,586,000 bu a week ago, and 5,152,000 bu on the comparable day of last year. So far this week, Minneapolis and Kansas City wheat stocks show a net increase of 3,731,000 bu.

For the period ending Wednesday noon, the Kansas City office of the CCC reported only 30,000 bu wheat purchased, and today they raised the premium at the gulf to 5¢. They also still intimate their willingness to entertain offers for delivery through December but we doubt if they are acquiring any supplies. No one would want to quote except on a delivery basis for Sept ember or December and at the present time this would be equal to about 12 1/2 over Chicago September, basis the gulf, which is entirely out of line with their present price.

There is still a large open interest in July corn and July oats. As of last night, there was 4 million bu July corn open and 7,200,000 bu July oats. Tomorrow, Friday, is the last trading day for filling July commitments in the pit. While it is still a question as to the final outcome, July corn displayed great strength. While new flour business has been somewhat reduced, bookings are still of fairly good proportion. More interest seems to be developing in May wheat around loan levels.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 23, 1948

There are still a great many people who question the necessity of our sending 400 to 500 million bu wheat abroad this season in view of the great improvement in European crops as compared with last year. Of course, they must take into account that practically everyone in Europe has been rationed and that the diet has been rather a sustaining one but not liberal enough to permit proper nourishment for all concerned. Therefore, with an increased population since the war, and with people generally wanting to eat better, we presume that if our supplies are made available through a credit, we may reach that goal, much depending, of course, on the outcome of crops in the other exporting countries. For a time it appeared as though Canada would have a very poor return but the Canadian wheat acreage was officially given by the government at 23.2 million acres, which is only a slight decline from last year, and is, therefore, considerably more than anticipated. Most of the experts looked for a reduction of about 10% from last year, and now that the weather has turned better, considerable improvement is reported, according to Sanford Evans, for the provinces. Generally speaking, the wheat crop now stands at a height of approximately 18 inches on an average and over 55% of it is in the head. The length of the heads average about 2 1/2 to 3 inches, and appear over the larger portion to be filling out fairly well. Consequently, the outlook has been raised, and certainly the widespread deterioration previously reported has now been retarded. We do not hear of any estimates in bushels but at least one must concede that they may have fair quantities for export.

The trade is awaiting with interest the President's message to the Congress on Tuesday, which will be made in person. He is asking for new controls and has also demanded further consideration of the International Wheat Agreement. It was predicted by Sen. Jenner of Indiana that if this question is brought before the Senate, it would be rejected on the grounds that it might cost the American taxpayers a billion dollars or more. We ourselves have been unable to figure out why there should suddenly be such a great demand for this legislation, inasmuch as we shall probably ship twice the quantity of wheat to which we are entitled under the pact. Certainly there is no necessity for our making sacrifices of selling our grain at about 40¢ per bu under the market in addition to handling it on a credit basis. Inasmuch as we are committed to a price-support program, which means a high level here at home, there is little to be gained by offering this wheat at a sacrifice price at the seaboard, while other countries, such as the Argentine, are exacting exorbitant prices for probably inferior grades. We could easily understand why the Congress might ask for some relaxation in the percentage of parity loans based on the returns to farmers, but apparently this is not in sight yet. Farm income, which in prewar 1939 was $8.7 billion, rose to $22.5 billion at the end of the war, and is now at the rate of $30 billion. This, of course, is having something to do with the general inflationary trend, and has also spurred increases in the weekly earnings of wage-earners, which have advanced from $23.86 before the war to $51.89 per week in May, and have since that time risen further.

Minneapolis and Kansas City stocks show a total increase of 4.4 million bu during the week, and we expect quite a large increase in the visible supply on Monday, but whether it will be as big as last year's, when it amounted to 23 million bu, is somewhat doubtful. Today's primary movement of wheat amounted to 5,190,000 bu; this compared with 4,930,000 bu last week, and 5,101,000 bu last year.

In today's session most of the activity centered in the July futures, it being the last day of trade. There was a very large range in July wheat and in July corn because of last minute settlements that had to be made. The late strength in July wheat had a somewhat bullish influence on some of the other months, although May wheat closed about unchanged and is now selling at a big discount under December. It seems that scattered buying orders in July wheat by a number of brokers caused the last minute advance, and this strength was somewhat surprising, as most people had figured that most of the excitement would probably occur in coarse grains. July oats made a season's low, and apparently a sufficient number of new oats will come here to be tendered on this contract. There was a substantial carrying charge registered to September, but new-crop deliveries of this cereal were quite firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 26, 1948

Late Friday the government published the carryover stocks of wheat, showing a reserve of 195 million bu in all positions on and off farms for July 1, 1948. Great efforts were made early to preserve a reasonably safe carryover stock, and at one time there was legislation on the books making it mandatory to carry at least 150 million bu into the present crop-season, but apparently the relatively high prices that existed earlier decreased the amount of wheat feeding, and thus gave us a reserve not too far below the ten-year average. Current wheat stocks are about 2 1/3 times as large as a year ago, but are smaller than the July 1st carryover of any other year since 1939 with the exception of 1946 when we had only 100 million bu. Since July 1, 1947, from a total supply of 1,449 million bu, we had a disappearance of 1,254 million bu, which left the 195 million bu referred to in the reserve stock. The largest previous disappearance was 1,287 million bu in the 1945-46 season, but, of course, exports for the last twelve months were so tremendous that it is not surprising that usage in all positions should have been so heavy.

National goals for the 1949 production may be somewhat smaller than for the past year. For example, the suggested goal for wheat is 71.5 million planted acres, which is about 8% less than the estimates of this year's seeded acreage. The government figures that with an average yield of approximately 15 bu to the acre, which was the ten-year average figure 1938-47, production of wheat one year hence might total 1.1 billion bu and would still be in line with estimated domestic export and carryover needs.

Before our market opened this morning, news was generally of a favorable character. There had been drenching rains again over many parts of the corn belt, and while this may delay somewhat the movement of oats it is certainly one of the most auspicious periods that we can remember for corn, inasmuch as July is generally a rather hot and dry month. On this basis it is quite likely that when the government report is given on August 1st, we may have just as much corn in the offing as we did for July, and as a matter of fact there might even be some improvement owing to the unusually fine weather. On the other hand, the trade believes that the new-crop futures of corn are selling so close to loan levels that there is not much to be gained on the short side of the market. However, there seems to be some pressure on September corn on the theory that whatever old corn can be moved at present high levels may come to market. The Secretary of Agriculture today asked farmers to store a substantial amount of their crops on the farms, claiming that this would help to maintain prices of grain and would also relieve the situation at terminal markets. Furthermore, it would provide a more orderly movement of grain. The Department, he also stated, had already forecast a record corn crop and the second largest wheat crop in history.

When the visible supply of wheat was posted, there was an increase of nearly 21 million bu. Total stocks in all positions now amount to 116 million bu, which is 51 million bu larger than a year ago. Chicago wheat stocks increased 2.3 million bu to a total of nearly 4 1/2 million bu. In other words, during the past two weeks, we have built up a fair stock of wheat and we believe this should continue. The corn U.S. visible showed a decrease of about a million bu, while in oats there was an increase of 177,000 bu.

The main feature to our markets today was the weakness in the May futures, with considerable pressure exerted on May wheat and May oats. Presumably, this is to reflect the tight situation of the nearby futures with large quantities going to the loan, but we regard May wheat here and the Kansas City May wheat future as cheap, particularly the latter which is selling about 7 3/4¢ below the loan price.

(The wonderful weather in corn could hardly be ignored and even new crop futures were weak reflecting great optimism that we may have the largest quantity ever raised in this country unless there should be adverse weather later on.)

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 27, 1948.

Thriving crops generally are about the most optimistic news in the agricultural world that one could think of. The past week was a very fine one for the corn crop, and also, for spring wheat. Oats and barley Northwest are about ready for harvest in the Southern districts and spring wheat is filled and needs only a few days for ripening before it is ready for cutting. Probably bumper yields are not in the offing as far as spring wheat is concerned, because in some areas seeding was late and the grain did not germinate properly with the result that the stand is thin. In other areas where moisture was short when the hot weather struck early in July some toll was taken, but at the present time reports come to us that bushels are being added with every day of this favorable weather, and now the greatest hope is for a dry harvest. Corn gives every promise of running close to a record of 3.5 billion bu if present prospects are maintained, while stories are coming in telling of oats in some districts running from 70 to 80 bu to the acre where 50 bu was all that had been expected earlier.

Thus it is probably not surprising that we have had a certain amount of weakness expressed in markets, although our experience has taught us that with so many farmers counting on the loan, these price depressions may exist for a time, but are later overcome by other factors. With that in mind we are not sympathetic to selling of new-crop corn futures when prices are ruling at present levels. On the demand and price side of the picture we also have a great deal of optimism for the reason that employment in June reached an all-time high of 62,557,000 persons. Likewise wage rates for hired farm workers have set a new record on July 1st at 7% above a year earlier. The U. S. average was $105 per month with board. Consequently, it is fair to expect that our domestic consumption will again be high although in wheat much depends on the amount that will finally be fed to animals. The meat supply situation gives every promise of becoming worse before any improvement sets in. The Secretary of Agriculture, Mr. Brannan, has urged hog raisers to expand the country's pork supplies by holding back enough bred sows and gilts to give an increase in the fall pig crop of 10% over last year's crop.

Yesterday one of the international authorities gave some very high figures for the probable exports of grain from this country, indicating rumors that had come to him for total shipments of 900 million bu comprising 500 million bu wheat and flour, 250 million bu corn, and 150 million bu other grain. This in our opinion is highly improbable, and we doubt whether port facilities could accommodate clearances of such size. Moreover we doubt whether even with a bumper corn crop if 250 million bu could be spared, based on normal primary receipts at market, because this would afford tremendous competition with commercial interests, and it must be remembered that 85% of the corn never leaves the county in which it is grown. Therefore, one would have to figure on a tremendous accumulation at the various terminals in order to make possible exports anywhere near that figure. We recall a few years ago that exports of even 100 million bu corn from this country caused a very important price rise, because at that time the primary movement of corn amounted to 446 million bu. Consequently, terminal stocks were reduced, and it was difficult for the processors and other users to get their supplies except by paying big premiums over futures.

Primary receipts of wheat were smaller amounting to 5,365,000 bu compared with 6,097,000 last week and not quite 6 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 687,000 bu.

About mid-session the President addressed the Joint Session of Congress asking for economic and social reforms, tightening consumer credit and asking for powers to regulate installment buying. He also asked for authority to regulate speculation on commodity exchanges to halt inflationary tendencies. He made no mention of the 90% of parity loan, which, in our opinion, has been one of the most inflationary aspects in the agricultural picture. In 1938 wheat loans averaged 53¢ per bu on the farms. Loans are now $2. Under the original concept, prices were to be supported to prevent disaster but have been raised to a point, which, in our opinion, will achieve the inevitable result of accumulating surpluses that may approach an unmanageable and unworkable size in due course of time. Our Exchange is being importuned by those raising milo to afford a futures market to give them greater stability in price, and we do not think that excessive speculation is to be feared when almost all basic products are selling close to loan levels.

Wheat was rather weak and this naturally had some influence on other grains although September corn firmed, with prices for this delivery considerably lower than the cash market. Oats were independently firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 28, 1948.

The overnight weather was again very satisfactory, and while a few widely scattered showers were reported over portions of Montana, Kansas, Illinois and the Province of Alberta in Canada, as a whole fair conditions prevailed. Chances are that we are in for a period of thundershowers for the next 36 to 48 hours, with probably heavy rain in many localities. This is perfect for the best development of the corn crop, and, indeed, few traders can remember more propitious weather during July than we have had this year. Iowa, which is the largest individual corn producing State, is doing exceptionally well, and the weekly bulletin claims that 64% of the crop was tasselled by July 24th compared with less than 1% a year ago, and that, therefore, the crop appears to be two weeks earlier than in 1947. The bumper crop of 1946 was only 35% tasselled by that date, and if the present rate of development continues, the crop will average 75 to 85% silked by end of July. The reason we mention all this is because the frost factor is always something that has to be reckoned with in fall,and should the crop continue ahead of schedule, of course, that danger is lessened as we come to the colder period.

In any case it is very likely that the next reports, both private and official, will show a higher yield than was given for July, but we must always bear in mind that corn is the one cereal that can be held pretty well on the farm, and, indeed, the largest part never moves from the county in which it is grown. Consequently, if our government still figures on heavy exports, the comparison of shipments must be made with the grain arriving at terminals rather than with the actual size of the crop. As for Europe, crop conditions are largely unchanged during the past week, but at least reports from Western Europe continue to indicate good harvests in many countries, and it looks very much as though the removal of bread rationing could soon be accomplished. Actually rationing has already been discontinued in the United Kingdom, and we should not be surprised if several other countries followed suit. According to Broomhall, countries in the Danubian Basin may regain at least part of their prewar stature as producers of surplus products. In addition to this reports from the Soviet Union have been quite favorable, and with the large acreage planted this year, it appears likely that considerable quantities may be available for export. An agreement was made recently with Denmark whereby Russia is scheduled to supply grains to that country in exchange for Danish products, although quantities have not been disclosed.

There was not much feature to our market at the opening this morning. Corn prices were a little higher, particularly for September, and the cash market seems to dominate the old-crop delivery. In wheat there seems to be little pressure but there is still considerable grain piled in the open space of western Kanaas, but no particular damage has been reported from recent rains. It seems to be more of a problem this year to get the wheat housed, but if elevator space is gradually afforded, we look for tremendous impoundings, but it will take some time yet before the exact amounts can be determined. There is always some lag even after the loans are taken before data goes through the various statistical channels.

Primary receipts of wheat were smaller and amounted to 3,734,000 bu compared with 4,205,000 bu last week, and 3,966,000 bu last year. Wheat stocks at Minneapolis and Kansas City show a total increase so far this week of 1,380,000 bu.

Trade in the various pits was moderate; September corn at one time was very strong, which was not surprising as cash premiums are well maintained, and we heard of a car of yellow corn selling at 43¢ over the future. However it is felt that with the wonderful prospects, later on more old corn will come to market, and possibly the premium situation may be altered. Wheat was barely steady, although May wheat which had been subjected to pressure for several sessions showed a little better undertone. Apparently with prices considerably below the loan there is more support. The cash wheat markets in the Southwest are not too strong. #1 hard wheat is selling at 5¢ under Kansas City September, but the domesticflour business is slower and bookings are almost entirely of small lots. However, the government continues its export program, and CCC purchases in the Southwest yesterday were 1 1/2 million bu.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 29, 1948

On July 27th, President Truman personally appeared before the Congress and stated that it would be reckless folly if we failed to act against inflation. Some of these charges were answered last night over the radio by Senator Taft, who, in discussing controls said that: "(1) They choke production instead of increasing it. (2) Nobody knows enough to do the job of control as well as it is done by natural economic law. (3) Price control and rationing won't work in America in time of peace." As we view the situation there is really no substitute for free markets and we cannot concede the basic soundness of price supports at a time when farm prices as a whole are at high levels. We have always assumed as a practical matter that the original concept of help for agriculture was proper because it attempted to stave off disaster at a time when prices were unreasonably low but we have seen too many experiences when artificial stimuli created secondary consequences that originally had not been anticipated. We have referred to these often in our letters and shall not repeat them here, but many countries have had their experiences in that regard, as for example, Brazil, in an attempt to valorize coffee prices; England, in an attempt to stabilize rubber prices; Cuba, in attempting to prevent declines in sugar, but unfortunately most of these measures were unsuccessful because they violated the normal laws of supply and demand.

There was little news to influence our market this morning, and as a result there was not much trend to any of the cereals early, with volume probably lighter than heretofore. Weather seems satisfactory, and there were some rather good rains over portions of Iowa, eastern Nebraska, South Dakota, and Minnesota, as well as along the Canadian border. The heaviest rains occurred in portions of Nebraska and Iowa, and the forecast is for a rather showery condition for tonight and Friday, which should benefit corn further. Under the circumstances, there seems to be some bearish sentiment even in the new-crop corn deliveries, but whether traders can make much headway in view of the loan price is still another question, and after the close tomorrow we shall have new parity figures with probably no decline from last month.

The Corn Trade News estimates world wheat production this year excluding Russia and China, at 4,220 million bu against 3,900 million bu last year, and prewar average of 3,940 million bu. The increase in wheat production is due to a much larger crop in the U.S., also to heavier production in Australia, which seems to offset a decrease in Europe and the Argentine. The same authority says that Europe is gradually returning to normal crops with the use of better machinery and more fertilizers. Broomhall reports world shipments of wheat and flour this week at 17 1/2 million bu, and the total since January 1st is 508 million bu. This is divided as follows: Shipments from the U.S. amounted to 239 million bu, from Canada 113 million bu, from Australia 81 million bu, from the Argentine 60 million bu, with Russia furnishing only 14 million bu.

Primary receipts of wheat were a little heavier today and amounted to 4,410,000 bu compared with 3,636,000 bu last week and 4,529,000 bu last year. Minneapolis and Kansas City receipts so far this week show a total increase of 1,800,000 bu.

After mid-session, there was some profit taking and selling in all pits. Probably the greatest weakness came in September corn which had been so strong yesterday. With any slight easing of the cash premiums, traders became scared and they probably have in mind the sharp reduction that took place recently in the premiums of oats over the futures market. There was no particular pressure in wheat, but, on the other hand, milling demand is very poor and even inquiries have declined sharply. However, the government buying is pretty constant and we note that since the beginning of the season cumulative purchases have amounted to more than 40 million bu of wheat and nearly 6 1/2 million bu of flour in wheat equivalent.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 30, 1948.

The International Wheat Agreement was signed last March, with the United States, Canada, and Australia on the one side, acting as exporters, with thirty-three countries, principally Great Britain, Italy, France, The Netherlands, etc., as importers on the other side of the Agreement. By the terms of the agreement, the three exporting countries guaranteed to export 500 million bu wheat annually over a period of five years, and the thirty-three importing countries guaranteed to buy 500 million bu annually over the same period within a fixed price range, starting at $2 as a maximum for the first year, but gradually being reduced to a much smaller figure. It has variously been estimated that if we are going to ship 400 to 500 million bu wheat this year ourselves, which is virtually as much as the entire pact called for, the loss to the Treasury through subsidy might run as high as $150 million, and nobody can tell what the costs would be thereafter, particularly with Argentina and Russia not participating in this undertaking. At the regular session of Congress this pact died in Committee when the Senate group wisely decided that there was not time to adequately consider such a controversial treaty. The President, however, has stated that he would like to have the matter reconsidered, but from what we read in the newspapers, there seems little chance of affirmative action, as the ECA has insisted that there would be no domestic wheat surplus developing within the next two years, because of the anticipated foreign demand under the programs already set up. Furthermore, five countries have withdrawn from the Agreement after the United States failed to ratify on the July 1st deadline, and it looks to us as though we would probably continue business under competitive conditions instead of resorting to a state trading device, which would probably hinder rather than establish stability in the world's grain markets.

When our market opened this morning, there was little to influence it. Some fairly nice moisture had fallen over parts of the corn belt. These occurred chiefly in Missouri, eastern Kansas, and Iowa, but it now looks as though generally clear weather is ahead with some cooler temperatures. Chances are that when the private reports are issued there will be some confirmation of the improvement which has been taking place in corn since we had the government estimate in July. This tends to retard much speculative enthusiasm in the market, despite the fact that we shall probably have a reasonably high loan. Little change in parity price is looked for after the close of the market tonight.

We understand that the Department of Agriculture has adopted a policy of pre-shipment of wheat for export owing to the fact that accumulations have been heavy, and in some places a critical storage shortage has developed. In other words, the plan is to maintain clearances at about peak levels, provided port facilities are adequate, and if necessary tapering down the program later on. They claim that gulf clearances for July were the largest in history, and that the outgo for all ports may set a new monthly record. However, total clearances of wheat and flour for the season are not expected to equal those of last year, despite any stepping-up of the program in the early stages.

In the Argentine, prices remain high but grain continues to accumulate at ports and there seems to be a marked absence of export business. It must be recognized generally that it will only be a question of time before that country must return to a competitive basis.

Primary receipts of wheat amounted to 3,733,000 bu compared with 5,190,000 bu last week, and 4,369,000 bu last year. So far this week, stocks at Kansas City and Minneapolis show a total increase of 2,319,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of more than 20 million bu.

It seems as though the desire of producers to get their grains off the farms has brought about a great congestion in terminals and storage space has become quite scarce in the southwest. This is tending to gradually tighten the storage condition in Chicago. Even though the Southwest wheat crop is not as large as last year producers are more anxious to move their wheat, probably having in mind that last year when prices were very high many of them were unable to sell their grain, because of lack of country elevator storage space and a tight boxcar situation.

Recent wet weather, which has raised the moisture in wheat coming to market, seems to have accentuated the desire to sell. While prices are well under the loan for all grains, buyers are hesitant to take hold in a big way, although there is a feeling generally that as the season progresses prices will gradually firm because of the big export program and the probable large amounts of wheat tied up

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 2, 1948.

Consumer prices have been establishing a new high mark every month since March. By the middle of July prices were more than one-sixth above the high point reached in June 1920, which was the peak of Post-War I. Food prices alone rose 1 1/2% from middle of May to mid-June, and preliminary indications are that they have advanced nearly 4% from June to the middle of last month, with the greatest increases for meats and eggs, but even fruits and vegetables have shown a marked increase with respect to retail prices, depite the propitious weather and the fine crops. The special session of Congress is dealing with an anti-inflation bill, which was twice read and referred to the Committee on Banking and Currency, but Washington advices doubt whether any legislation will be enacted. It seems that every group in Congress and even the public resist controls over its affairs and wants it only for the other fellow.

There was really nothing new over the weekend either in weather or crop news. The United States wheat supplies are now estimated at 1,437 million bu. The carryover is now given at 195 million bu, which is 111 million bu higher than a year ago, although still below the prewar average of 235 million bu. However, with this increased carryover, the total supplies on hand July 1st were nearly as large as in 1947, a level exceeded only in 1942 and 1943, when our reserve stocks stood at record highs. It is not surprising, therefore, that it is somewhat difficult to get the large supplies into terminal markets, and very likely this was the reason for Secretary Brannan's appeal to farmers to protect their crops of grain through proper storage at home. Backing-up of receipts at terminals without either adequate transportation or storage facilities during the peak movement naturally might act as a depressing influence, at least temporarily, and we have seen that cash wheat premiums in the Southwest have suffered, although it is quite likely that before long this situation will be corrected. The trade, however, has become apprehensive that the same condition may occur later on when the corn movement becomes large, particularly as markets are filling up with early-harvested grains, and there may be a considerable shortage of elevator space later on. We must not forget, however, that wheat exports are going to continue on a heavy scale, and while European crops have turned out much better than a year ago, it is still possible that our clearances may be reduced only by 10% in comparison with the past season.

When the visible supply of wheat was posted, there was an increase of nearly 17 million bu; total stocks in all positions are 133,3 million bu, or about 46 3/4 million bu more than was on hand last year. Chicago wheat stocks increased nearly 2 million bu, and there is 6.3 million bu here; most of these accumulations have taken place during the past three weeks. Corn stocks showed a decrease of 849,000 bu. While there was an increase of more than 2 million bu of oats, Chicago oat stocks are now 1 1/2 million bu, but apparently it is going to take some time to build up reserves here.

The same factors whichplayed a part in the decline last week were apparently regarded as bearish this morning, and there was no particular support in wheat, although government buying by CCC continues. They have cut their price now, and are not buying very large quantities in the Southwest, apparently fearful that they will create more congestion at gulf ports. Some of the large chain bakers are inquiring actively for flour now, but business has not developed in substantial volume. Continued moderate export flour business is being put through. Cash premiums in the Southwest are still weak due largely to elevator capacity being taxed. #1 hard wheat sold from 7 to 9¢ under Kansas City September, but there is the opinion by well-informed people that we have probably seen the worst of this.

There was also moderate weakness in corn, but there is still no pressure yet, and whatever selling is taking place is in anticipation of a big movement later on. One of the private experts will give his views on the crop next Wednesday, and chances are that there will be a substantial increase over the government's July forecast.

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CHICAGO, 4 August 3, 1948.

As we mentioned in our market letter yesterday, we started this crop-year with total wheat supplies of 1,437 million bu. On the face of it, it seems enormous and it is nearly twice as much as our domestic consumption. However, we have become accustomed to dealing in large figures, and have been told by the Bureau of Agricultural Economics that we shall probably ship 450 million bu wheat and flour during the current season, which is somewhat larger than earlier expectations. If we also allow for 750 million bu home usage, it is apparent that the disappearance through these two channels would amount to 1,200 million bu. This would give us a reserve stock on July 1, 1949, of 237 million bu, and would be about asmuch as the ten-year prewar average. However, in our opinion this will not constitute free wheat, and we would say that as a minimum 200 million bu will be impounded owing to the fact that present prices for wheat are so low, and naturally it is tempting to the farmer to take advantage of the loan. Should we be correct in these calculations, it is evident that there will be very little free wheat left at the end of this crop-year. Therefore, we must only conclude that it is going to be a tight situation later on. We recognize that it takes time to make sufficient inroads into these surpluses. Accordingly, one must make allowances for this projected situation, and not figure that the market will immediately rush up.

Exports are continuing at a lively rate but until the total clearances have been made we shall still have much of this wheat on hand, and that was one of the reasons for the sharp discounts of cash wheat under futures, which has caused so much pessimism of late. In any case, the cash basis at Kansas City was considerably better this m orning, and one hard wheat probably sold 3 to 4¢ less discount under the future than yesterday, which shows that the situation is gradually correcting itself. Even the present discount of cash wheat is big but has come about owing to shortage of storage, but it is our feeling that anyone who buys May wheat when it is selling for less than the loan price will finally come out ahead, and this has been our thought for the past several weeks.

Weather continues satisfactory, although in some sections of the corn belt it is becoming dry. The forecast is for rather cool temperatures, and a generally showery condition, which, of course, would be perfect for the further development of the crop.

CCC raised its basis today in the Southwest to 6¢ over Chicago September for all of August, shipment at the gulf, and possibly this had a little bearing on today's market. Little is heard from the Northwest with respect to their conditions, but temperatures last week were moderate to cool, precipitation was received generally, with as much as 2 inches reported in spots. It looks very much as though a spring wheat yield of 300 million bu could safely be forecast, despite a few complaints that maturity has been slowed down, and that rainfall has delayed harvest, with an occasional report of sprout damage.

Primary receipts of wheat were 4 million bu today compared with 5,365,000 bu last week, and 4,448,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 354,000 bu.

Our wheat market after advancing was subjected to profit-taking, and as a result best figures were not maintained, but as we have stated, it is going to take time before we eat into our reserves; likewise, the heavy exports will only be a factor after actual shipments have been made. We had late advices from the Southwest that the premium basis may have gone up a little too rapidly, and that ordinary wheat was selling at about 4¢ under, but even this is a big discount, and shows that the question of storage is still a factor to be dealt with.

Corn prices were relatively firm, but did not make the response which wheat did. The Government Weekly Report stated that progress was generally good to very good, and that in Iowa the crop is two weeks earlier than last year with 80% tasselled and 75% silked. Soil moisture is generally sufficient to assure at least a good crop inmost sections east of the Rockies. Late corn has been showing improvement in the South; every once in a while we hear of some very glowing figures, and the trade will await tomorrow's private estimate, and also the government report that is to be issued on the 10th of the month.

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CHICAGO, 4 August 4, 1948

Government allocations for September have been stepped up considerably and apparently it is the intent to prevent, insofar as possible, congestion at terminals. These supplemental allocations call for 8 1/2 million bu wheat and from 1 1/2 to 2 1/2 million bu coarse grains, the latter being at the option of the buyer. Therefore we cannot tell at this point whether it represents oats, barley, or sorghums. This, together with earlier supplemental allocations, puts the wheat and flour exports for three months at a total of about 133 million bu.

This was regarded in a somewhat bullish vein, and first wheat prices were higher this morning, but apparently the crop is so large that it is going to take some time yet before we eat into our reserves. One of the experts, Mr. Galvin, increased the forecast of winter wheat to 975.4 million bu, and likewise increased the estimate of spring wheat to 313.8 million bu, a total of 1,289 million bu, which added to the carryover would give us a supply of 1,484 million bu, or 47 million more than was considered possible based on the government's July estimate. The oat crop was also increased to 1 1/2 billion bu, with 3 1/2 billion bu corn reflecting the present condition. Therefore, it is quite obvious that we are going to have tremendous grain crops and it is seldom that all cereals turn out so well in the same year. The market soon reacted from a somewhat higher opening, and all corn futures established seasonal lows during the first hour of trade. Wheat futures also turned weak, although the May delivery gained considerably on the nearby months, and apparently it is felt that we may have some carrying charges, particularly from September to December as there is considerable grain yet that has to be housed, and nobody can be entirely certain that any tightness may develop even by December, as was the case last year. Of course, it must be obvious to anyone, based on common sense, that farmers wherever possible will try to take advantage of the loan, and we recall one year when 42% of the crop was impounded. So if facilities permit we expect that the same could occur this year. Consequently, even with the additional amounts of wheat that now have to be reckoned with, we feel that there may not be so much free wheat as we get toward the end of the season. This, of course, is based on the government's intention to export 450 million bu wheat and flour, with some people believing that the program might even be stepped up later on, not entirely because of European requirements, but in an effort to help the situation at home.

We talked recently with a Canadian official, and he was of the opinion that an estimate of 350 million bu for the Canadian Provinces was conservative, and that with the improved weather they have experienced, final results might be considerably better. This seems quite likely in view of the improvement which has taken place in our own spring wheat areas, as evidenced by today's optimistic report mentioned earlier.

The CCC today was willing to buy gulf wheat for all of August shipment at 7¢ over Chicago September. They apparently are keeping their price in line with cash values, but do not want to be accused at any time of paying higher than the market, but yet are following the trend. Therefore, the daily increases or declines do not mean a great deal but are simply in keeping with private competition, thus enabling this agency to go ahead with its export program.

Primary receipts of wheat were a little smaller and amounted to 3,664,000 bu which compared with 3,734,000 bu last week, and an even 3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 681,000 bu.

Apparently visible increases will be on a smaller scale from now on but still there is a lot of wheat waiting to come to market with southwest elevators already filled to capacity. This factor, together with the private estimate given today, undoubtedly induced liquidation, and one of the large commission houses was a conspicuous seller of September and December wheat which caused weakness that was more pronounced in the nearby months. Some of the selling in wheat also came when corn prices declined sharply and there seems to be no general confidence at the moment. However, flour trade is picking up a little and users have looked upon the recent wheat prices as attractive in view of the discount below the loan. The various state reports continue to emphasize the fine progress of the crops and corn apparently showed marked improvement during the week.

Oats resisted somewhat the weakness in other cereals.

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CHICAGO, 4

August 5, 1948

We have been asked recently whether our figure of 750 million bu for domestic wheat consumption might not be high in view of the tremendous corn crop in prospect. It is difficult, of course, to gauge all factors, particularly the one with respect to the amount of wheat that will be fed to animals. A year ago at this time the government forecast that 325 million bu might be so consumed but actually feeding of wheat turned out to be only 180 million bu, and at the present time it is figured that in the season ahead we may feed 150 million bu. The latter in our opinion seems reasonably conservative in view of the fact that we have always fed fairly large quantities, and even before the war about 117 million bu wheat went into animal feeding. Assuming that this figure is correct, and also, using other BAE data, which calls for 510 million bu wheat for bread, cereals, etc. to be used domestically, and 90 million bu for seed and industrial purposes, it brings the total to 750 million bu, as we have stated previously.

In 1948-49, exports from the United States may total 450 million bu, which would be just about half the amount estimated for total world shipments. Under these circumstances it seems likelfolly to try to enter into an International Wheat Agreement which calls for 500 million bu to be taken by the importing countries, and to be furnished by the United States, Canada, and Australia, of which our share would amount to only 185 million bu. Of course, we appreciate that the pact would extend for a period of five years, but on the assumption that we are going to have to furnish fairly large quantities for two years, there seems little benefit to enter into such a theoretical arrangement at this time. We feel certain that European demand will remain big, particularly if sufficient credit is extended, and the government tentatively figures that about two-thirds of total wheat shipments will go to European countries participating in the ERP. Such an amount added to their domestic production would not be enough to restore prewar per capita consumption. It would, however, be abou 15% above the low level of last year. In addition to having a substantial increase in European population, those countries have a low level of reserve stocks for all food products, and there seems to be a continued need for using food grains as a substitute for other foods which are still in short supply.

It is interesting to note that in the last edition of THE WHEAT SITUATION, the government in discussing prices feels they will average moderately above the loan level. They say it is not likely that average prices in 1948-49 will exceed the loan rate by as much as it did the past two years because of larger carryover reserve as well as plentiful supplies, and lower cost of other grains. They point out again, as they have done on many occasions, that wheat prices to growers advanced from an average of 68¢ per bu in 1940-41 to a record high of $2.81 in mid-January 1948, and a record season-average of about $2.31 for the 1947 crop. They point out that until 1943-44 the loan program was the most important factor in domestic wheat prices. For those in Washington who are trying to fight inflation, this might prove to be an interesting study.

Primary receipts of wheat amounted to 3,885,000 bu, which compared with 4,410,000 bu last week, and 3,502,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,036,000 bu. The increase at Minneapolis is negligible, but very shortly now we expect that the Northwest will start to accumulate grains. With this in mind and the perfect crop reports which are almost universal, there seems to be pressure, mainly from longs who are becoming discouraged in spite of the fact that so many of our grains are selling at below 90% of parity levels.

There seems to be no general confidence, although government buying continues, and we note that the CCC wheat purchases for the week amounted to 10.7 million bu, 1.3 million bu of barley, and 1.2 million bu of grain sorghum. Flour totaling 59.6 million pounds, or about 1.3 million bu in wheat equivalent, was also purchased during this period. The cumulative wheat purchases since July 1st amount to more than 51 million bu. However, there are very few hedges being covered, and the domestic flour demand remains small. We are told that the aggregate bookings are a little above 50% of mill capacity. Apparently buyers are adhering to prices at which the mills are not willing to sell.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 6, 1948.

With bumper crops of wheat and oats, either harvested or about to be harvested, and with apparently a record crop of corn in the offing, it demonstrates again the great importance of weather, as well as improved farming technique. We recall on May 22nd that a leading firm in Kansas was somewhat pessimistic as to the outcome of the crop for that state, and claimed that, "If we are fortunate enough to receive some good rains in the next few days, we think Kansas still has a chance of raising 125 million bu wheat this year." However, they had almost perfect weather and the result is that one of the private experts nowestimates a crop of 202 million bu for Kansas, which is certainly far above any early expectations. Again on July 6th, one of the Northwest mills, in its weekly summary, claimed that, "The next two weeks will probably decide whether we have a fair crop or half a crop." We now have Mr. Galvin's figure on spring wheat indicating a yield of 313 million bu. This is certainly better than either a fair crop or half a crop, and in fact, if this prospect is maintained through harvest, we shall have far better than average results. The trade is beginning to ask the question again as to whether declines will extend much further in view of the support prices, and the loans. The government apparently realizes that congestion at terminals has been somewhat responsible for depressing markets. Undoubtedly, the September allocations, which were increased a few weeks ago, will again be stepped up in an effort to relieve congestion in some of the southwestern markets. Illustrative of this situation, one of our friends in the Southwest remarked: "At worst phase of storage jam, #1 ordinary hard wheat sold in Kansas City at extreme discount of 19¢ a bu below 1948 loan, near a record margin under support point."

Little is heard from Canada, but according to the Searle Grain Company's precipitation report, dated August 4th, total moisture conditions for Alberta is 108% of normal, for Saskatchewan 90% of normal, and for Manitoba 117% of normal. Individual reports coming to that firm indicate that rains have been falling more or less steadily since July 12th, and as a result have considerably improved crop prospects of the Prairie Provinces. They mention that there are still many districts in eastern Alberta and in western Saskatchewan where insufficient rains had fallen, or where the rains came too late to do much good. Thus an uneven nature of the crops is still to be expected, but certainly an improvement over earlier expectations.

Some of the farm organizations are favoring the International Wheat Agreement, and the matter is now being discussed by a Senate Sub-Committee. However, nothing can be foretold as Congress is desirous of adjourning shortly, and apparently time is too limited to discuss this question, giving full attention to all the matters involved, such as voting the necessary subsidies to make the plan workable. We have pointed out frequently that it might delay returning of the export business to private hands, and that furthermore any such agreement would be contingent upon acceptance by other exporting nations, and would even have to bring certain of the importers back into the fold, as they had dropped out of the picture when we failed to ratify the agreement by July 1st. We believe, however, that if the Committee is giving serious consideration to this treaty all sides should be given a chance to state their position, because apparently there seems a fair chance that the American government is about to embark upon state trading in the world market. It has already been described by the Office of Foreign Agricultural Relations as "the biggest inter-governmental deal in history."

Primary receipts of wheat amounted to 3,722,000 bu, almost the same as last week, and compared with 3,057,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,432,000 bu. When the visible supply of wheat is posted on Monday, it will compare with an increase last year of 18.4 million bu.

Markets showed a much better undertone today. They were a little slow in getting started but with cash corn still bringing such tremendous premiums it finally had its influence on the September delivery, which, in turn, affected the balance of the list. Likewise, cash grain men in Chicago were under the impression that the wheat movement in the Chicago local territory is just about winding up and apparently more storage space is being found for remaining supplies. During the last half hour of the session, there was considerable short covering with the result that sharp rallies were recorded all along the line.

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CHICAGO, 4 August 9, 1948.

It is difficult to emphasize the progress and beauty of the present corn crop. It has been characterized by a close observer as the finest that has ever greeted the human eye. It may be fifty years before another similar crop is raised for the reason that weather was not only propitious right from the start, but almost perfect in every detail. There has hardly been anywind, and as a result the stalks stand straight as soldiers, so that when one is in the fields it looks almost like a forest. With one or two ears to every stalk it promises a tremendous yield, possibly a good deal more than was indicated by the private report, and when the government publishes its figures tomorrow we may have some upward revisions again, as was the case when today's report took the trade completely by surprise with the cotton crop estimated at more than 15 million bales. It seems that this has been an unusual season for anything that was planted, and we have commented before that hardly ever do we get bumper crops of wheat, corn, and oats all in one season, but apparently nature was provident, and will thus give us big surpluses, so that the only worry at the present time is the question of storage. There seems to be some doubt whether permanent crib space will be built for all the extra corn that will soon be harvested; therefore, a carrying-charge is developing from December to May corn, which is something that we have not experienced in some little time, as the loan and other support measures have all worked against carrying charges.

Farmers' cash receipts during the first seven months of this year were higher than those of a year earlier, although it is also a fact that production costs have probably increased even more. Prices of farm machinery, building materials, fertilizers and other supplies, and equipment have advanced steadily. Labor costs are up about 5%. Feed prices average 16% above the same months of 1947, although less has been fed. July has been a record month for many of the important price indexes, but likewise the prices which farmers received seemed to be highly satisfactory, which is only natural in view of the tremendous crops that have been raised.

The International Wheat Agreement is apparently shelved for the time being. However, we assume that the Senate may ask for further consideration early in the next Congress, although there are many questions still to be ironed out. One of these factors, of course, involves re-signature to the Agreement by other countries, which have withdrawn since July 1st, and which are necessary in order to make the Agreement effective. Likewise, the question of subsidies must be fully discussed, and these were matters that could not be safely resolved during the special short session of Congress.

The President of the Liverpool Corn Trade Association characterized this pact as follows: "In our view, when the controllers are in a position to control the weather and the crops, to invent and bring into force a really workable international monetary system and guarantee that the wheat exporting countries will take importers' goods and services in sufficient volume and at prices satisfactory to the manufacturers and others concerned then, maybe, an International Wheat Agreement, fixed to cover a period of years, could work, but not, in my opinion until then."

When the visible supply of wheat was posted there was an increase of 12.6 million bu, quite a little less than a year ago, but still total stocks in all positions are 146 million bu, which is 41 million bu larger than in 1947. Chicago stocks showed a good increase, and now total 7.8 million bu. The corn visible decreased 391,000 bu, and there is less than 1 1/2 million bu in all positions compared with 8.7 million a year ago. The oat visible increased 3.8 million bu, and total stocks in the country are 7.3 million bu, slightly more than was on hand in 1947. Chicago oat stocks increased 2 1/2 million bu, to nearly 4 1/2 million bu total.

Markets were a little firm early, but later lost ground, particularly when corn encountered pressure, and apparently it is being felt that the new crop is so enormous that it may be difficult for farmers to store their reserves; there may even be difficulties getting the proper space in order to take the loan. Furthermore, there is some old corn around; while it naturally is not large owing to the fact that we had a small crop last year, it is felt that there is no particular incentive to carry it with lower prices inevitable later on. This had some influence on the September delivery, which narrowed its premium over December. In wheat there was some selling by long interests, and the flour business is starting the week at a very low rate.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 10, 1948

We believe that when the government report is released after the close of the market today, there may be increases all along the line. The thirty-day period since the last forecast was made was marked by almost perfect weather, and some very high figures are mentioned for the corn crop, as apparently a good many fields in Central Illinois have a promise for 100 bu per acre. While this is no means universal, nevertheless we are almost assured of big improvement, and ordinarily this development would have great economic significance but owing to the loan and support prices, nobody can be sure how much further prices may decline. In this connection, it should also be noted that European countries and other food importing areas, probably have the best crops since hostilities have ended, and thus are coming a little closer to self-sufficiency. So at least nature has done its share to try to bring about better nourishment for the peoples of the world. Since food is the most important component of the cost of living index, it is naturally important whether we get a further downward trend, or whether the government will rush in every time one commodity or the other sells under parity levels. The corn acreage this year with one exception is the smallest in over fifty years, and if we get the kind of crop which now looks likely, it is again significant to appreciate that acreage control alone will not regulate the size of yields. Weather is, of course, an important item, but there are other factors, and so long as prices remain high, naturally farmers will cultivate intensively and will use better fertilizers, and more farm machinery, not to mention the extensive use of chemicals for weed control.

It is likewise high time that the whole parity formula be revised in the light of increased yields per acre, because it is no longer proper to figure a bushel of corn or a bushel of wheat in relation to the farmer's buying power to come to a true realization of what the value of these agricultural products should be. Where we used to average 12 and 13 bu wheat to the acre, we have had periods where it approached 20 bu, and no parity formula that we have seen has ever taken these changes into account. Moreover, the whole support program was started at a time of reduced agricultural income, and was designed to prevent disaster to the farmer but was never intended to assure him higher prices year after year. The average farm loan in 1938 was 53¢ per bu and is now $2; therefore, it is almost four times the original figure, and even with the tremendous crops there is no change in sight unless checked somewhere along the line, if the real inflation spiral is to be retarded.

The Searle Grain Company report estimates only 325 million bu wheat for the Prairie Provinces of Canada, but considerably more oats, barley, and flax, and nearly twice as much rye as was raised last year. Here at home our government increased September allocations of wheat and flour by about 5 million bu. This added to previous quotas brings them to about 138 million bu for the first three months of the season.

Primary receipts of wheat amounted to 3,682,000 bu compared with 4,004,000 bu last week and 3,759,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 268,000 bu.

There was no particular support again to the markets although wheat at present levels is not being pressed, and, as a matter of fact, PMA apparently bought a considerable amount of spring wheat flour which may have taken some hedges out of the pit. There seems to be a considerable quantity of wheat out in Kansas that may not grade for loan purposes because of the long, rainy condition that prevailed earlier and it is impossible yet to tell what percentage of the crop may be impounded Some believe that even with the big discounts for cash wheat at the moment that there may be considerable tightness later on. During the past week, the weather was cool Northwest and mostly showery; consequently, the crop is ripening very slowly and harvest has made relatively little progress to the north. This state has now been reached where further rains are damaging the crop. What we need now is good weather for harvest.

Cumulative purchases by CCC since July 1st are 63 million bu wheat, 7.7 million bu flour in wheat equivalent, 6.7 million bu barley, 4.7 million bu grain sorghums and trifling quantities of rye.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 11, 1948

After the close of the market yesterday, the government issued the August crop report, indicating a corn yield of 3,506 million bu, a record high production, claiming that ideal corn weather had prevailed over most of the corn belt during the past month, but the trade had been more or less prepared for this increase of 178 million bu over the July estimate; therefore, no surprises occurred. Winter wheat production is now estimated at 981 million bu, which is an increase of nearly 30 million bu over July. This crop is second only to the 1947 record yield of 1,068 million bu but is about 43% above the ten-year average of 688 million bu. Here again it becomes apparent that parity, when computed on a bushel-basis, isnot the true answer to farm relief. In a year when the crop is 43% above average, surely it is not necessary to hold prices artificially high, as apparently is being done. The time when the farmer really needs help is when he has a crop failure, and when he stands possibly to lose his farm if he has to meet mortgages or interest engagements and does not receive a sufficiently good income to take cared his general expenses. The winter wheat yield of 18.6 bu per acre is slightly less than last year but is 2 bu above the ten-year average. Spring wheat also shows an improvement, despite crop threats early in the month from hot, dry weather over some of the larger producing areas. However, the hot spell was of short duration, and was quickly followed by heavy rains and cool temperatures, which more than offset heat damage. As matters now stand a crop of 303 million bu is in prospect for the Northwest, and spring wheat, other than durum, is about 17% better than the ten-year average. The nation's crop of oats on August 1st was estimated at 1,470 million bu, and this is the third largest in history, exceeded only by the record crop of 1,535 million bu in 1945, and the 1946 crop, which was nearly 1 1/2 billion bu.

Even now we have not told the full story, because the feed situation in general is very satisfactory, and on August 1st the condition of farm pastures averaged 84% of normal, which is moderately above average for that date. Recent rains over most of the country have maintained soil moisture supplies and prospect for pastures in the next few weeks appear unusually good in most areas. The Baldwin Elevator Company points out that normally at this time of year pastures are burned out and dairy cattle and feeder steers are hard-put to find good grazing. Now, however, pastures are green and lush, and are providing excellent forage for the stock. The condition of alfalfa is mainly good. Clover also averages fairly good to good and the second cutting is progressing in the South.

Primary receipts of wheat were lighter today and amounted to 2,148,000 bu, with Milwaukee missing. This compared with 3,664,000 bu last week and 3,338,-000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 525,000 bu.

Markets were more erratic today, and there was a little more cautious feeling, shorts covered, and many felt that possibly all the bear news was out for the time being. While the government confirmed the tremendous crops either harvested or in prospect, it was believed that there had been other years when we likewise dealt with big figures, but yet that a certain price discounted the news. For example, in 1942, when we had the big reserve stocks, total supplies of wheat, corn, and oats were much the same as this year, and finally the grain was housed. However, we have felt for some time, and still believe, that it is going to take time to eat into our reserves, but we cannot overlook the probable influence of the loan, which at some point is bound to have a supporting influence. Flour sales are only moderate, and not much support comes from this source. However, the government buying of wheat continues, although there is some talk that within a few days it may bedecided whether or not the business will be returned to private hands. Even if this comes about government will probably continue to make its purchases for the occupied zones and for the Army.

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CHICAGO, 4 August 12, 1948

It seems extremely unfortunate that almost every time we have severe fluctuations in prices either up or down, speculators are held responsible. It is, however, to the everlasting credit of our price structure that the advance last season prevented the dissipation of our wheat supplies, even at a time when we had a failure corn crop. At least to that extent a great service was accomplished because there was no assurance then that we were going to have bumper crops which are now being realized. As a matter of fact, we are convinced that even last year our markets would not have risen so sharply except for government buying. We are confirmed in this belief by a statement of one of the prominent analysts of the Department of Agriculture, Dr. C. C. Stine, who claimed a little less than a year ago that if there had been no increase in the foreign demand for wheat and feed grain, the farmer's price of wheat and corn would have been about $2 per bu, or considerably less than the current levels then existing. In the three-week period ending October 20, 1947, Commodity Credit Corporation purchased 52 million bu wheat, or more than was shipped annually during all but one of the war years. This tremendous buying in our opinion was responsible for the 25¢ per bu upturn in the market at the time that men in high office were accusing speculators of gambling in grain.

We mention all this even though present prices for most cereals are below the loan level, but again our government has indicated its intention to send tremendous supplies abroad even though their wheat crop is probably 50% better than last year's poor one. Yesterday, Dr. Dennis A. Fitzgerald, of the Food Division of ECA, told newsmen that the United States would increase its wheat and coarse grain shipments over earlier estimates. He stated that the need for food shipments to Europe remains high, even with good prospects in European production. He called attention to the fact that the population of Western Europe has increased by 25 million people, or 10% from pre-war. We have already seen that September allocations have been stepped up considerably, and apparently CCC wishes to avoid any possible congestion at terminals. There has been no specific estimate of how much our grain shipments will be increased to ECA countries as a result of the anticipated huge wheat and corn surpluses, but apparently this will not be decided until the countries themselves submit their demands about September 1st. When Dr. Fitzgerald was asked whether ECA would attempt to suggest that European countries raise their grain requirements, he answered that no pressure was being used and stressed that the choice would be made by the participating countries.

CCC purchases at Kansas City for twenty-four hours amounted to 558,000 bu wheat and over a million bu milo.

Primary receipts of wheat were 2,742,000 bu compared with 3,885,000 bu last week, and 2,895,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 694,000 bu.

We have mentioned recently that parity is no longer a true measure of farmers' buying power balanced against goods which are needed when figured on a bushel-basis. For example, in Wisconsin, the average prewar cash receipts were $12.98 per acre. For the recent period this average increased to $34.50, a rise of $21.52. Of this increase $8.74 or 41% was due to the increased physical quantities sold, and the balance of $12.78 was due to the higher price level. It is apparent, therefore, that increased farming technique and other technological factors have been completely ignored in this parity thinking.

In today's session we had rather firm markets all around. There was nothing special to influence the trend except as noted earlier general recognition that our exports are going to be large and that possibly this together with the impoundings may give us stronger markets later on. In corn there seems to be very little pressure at the moment, and while there is undoubtedly more corn back in the country that may still come forward, premiums are well maintained, and as a result September corn advanced and increased its premium over the new-crop deliveries. Wheat was reasonably firm, although the milling demand still continues rather slow. There was some buying in oats but it actually did not take a big volume to bring about a higher level of prices.

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CHICAGO, 4 August 13, 1948.

If present corn prospects are maintained, the final determination of price levels on grains in this country will be the amount exported under the European Recovery Plan. With the all-time record corn crop in prospect, and with bumper crops of wheat, oats, and other feed grains, there can be no doubt that lower prices would be registered were it not for the sustaining factor of government loans, and government buying for export purposes. At present grains are selling below loan values. If the export program is to be stepped up materially for wheat, corn, and other coarse grains, it would be the main contributing factor to higher price levels. As to the need of these additional quantities for export, we are not in position to determine. According to Broomhall, Britain's requirements will be 280 million bu. They figure on the following supplies: 85 million bu will be obtained from their own crop, 140 million from Canada, and 80 million bu from Australia. This will add 25 million bu to their depleted reserves, and will entirely eliminate any imports from either the Argentine or the United States. In Germany we are told that bread rationings are doubled in quantity from what they were under their own rationing system in World War 1. Apparently the plans are to continue to ship wheat from the United States to be stored in Europe, but in the final analysis it remains to be to be seen how much of the dollar gifts the Western European countries will use to buy what might be surplus grains rather than using the money for machinery, fertilizer, and other such items.

Broomhall estimates world shipments of wheat and flour for the past twelve months as 924 million bu, of which quantity 480 million bu was furnished by the United States. The total compares with 760 million bu shipped in the crop-year, 1946-47, and 853 million bu the previous year.

The Canadian Pacific Railroad has just issued a crop report stating that another week of cool weather, with general rains has helped to fill the grain and offset earlier damage due to drought. The outlook in Manitoba continues to be exceptionally promising, while in Saskatchewan there are only a few areas now in need of additional moisture to carry crops to maturity. Alberta also is showing improved conditions except in some southeastern and central sections. The Peace River district prospects are mainly favorable with above average yields in quite an extensive area. Reviewing Canadian statistics, Sanford Evans places export shipments at approximately 200 million bu for the 12-month period ending July 31st. This would indicate a probable carryover of 75 million bu.

A recent publication of our own Department of Agriculture points out that the Agricultural Act of 1948 includes a new formula for computing parity prices of agricultural commodities, which becomes effective after January 1, 1950. The June 15th parity on wheat was $2.22 and on corn $1.61. Using the new formula, which will be effective after January 1st of 1950, the wheat parity would have been $1.82, while corn would have been $1.42. However, the law does provide that if in 1950 the parity price for any commodity as computed by the new formula, is more than 5% less than that as computed under the old formula, the change is to be made in transitional steps but not more than 5% per annum.

Primary receipts of wheat today totaled 2,734,000 bu against 3,722,000 bu last week, and 2,208,000 bu the comparable day last year. So far this week Kansas City and Minneapolis stocks show a net increase of 970,000 bu. When the visible is posted on Monday, it will be compared with an increase last year of 12,406,000 bu.

The Kansas City office of Commodity Credit Corporation reported 60,000 bu wheat bought there for the period ended noon Thursday, and the premium for August shipment was raised a cent to 10¢ over the Chicago-September of $2.24 3/4. Cash wheat has firmed up in Kansas City and evidently the urgency of finding storage room for wheat has been somewhat alleviated, although storage capacity is filled in that market, and only new commitments can be made as shipments go out.

Weather in the corn belt remains satisfactory. There were some showers and thunderstorms reported the past twenty-four hours over Nebraska, eastern Iowa, and the vicinity of Chicago and Peoria, with the forecast suggesting some showers in the western portion of Iowa by Saturday and eastern portions of Nebraska today. Cash corn premiums remain high, and there seems to be no easing in that situation at the moment.

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CHICAGO, 4 August 16, 1948

When the end of an inflationary spiral or rising prices is in sight, usually something has to give way first - whether it's the decline in food prices and the consequent reduction in the cost of living, whether it's over-production often caused by buyer resistance, or whether the supply of labor becomes more plentiful with the consequence of easing in wage demands. Having raised bumper crops of grains, cotton, potatoes and other food products, the start could have been made with a savings to the average housewife, but our present program of loans plus our export program, with a possibility of stepping up same, seems to preclude any marked decrease at the moment in the average family food budget. This being a political year, it probably is not deemed advisable to have farm prices and farm income decline any perceptible degree, but the government is spending large sums for the support of potatoes, for the supportof eggs, and undoubtedly large quantities of grains, cotton and even peanuts will find their way into the loan. When once impounded, it takes a fair advance in prices to overcome the accumulated charges or else the loans are defaulted and the government, or in other words the taxpayer, has to make up the difference. Undoubtedly the present abundance of feed crops will lead eventually to lower meat prices but there is considerable lapse before cheaper corn is transmitted into cheaper meat. The lapse is not as much on hog products.

There were no week-end developments affecting grains. All reports in corn territory claim prospects are still brilliant. The nights recently have been somewhat on the cool side, but as one large producer of corn, who was in the office this morning, expressed himself, he does not think this is proving any detriment that the warm weather came at the proper time and regardless of the climatic conditions there is usually a definite period between the time corn is in the silk until it starts to dent. The forecast seems to indicate warmer weather with probably higher night temperatures.

Two important Canadian reports will be issued this week - on August 17th will be the estimate of production of fall wheat, rye, etc. and on August 19th, the stocks of grain as of July 31st. Canadian conditions have improved recently. One very close observer of Canadian crop conditions writes us that the rains, which started around the 10th or 12th of July, particularly in the western half of Saskatchewan and the eastern third or so of Alberta, arrived in the nick of time and materially changed the outlook. While too late to change conditions in parts of the territory, our friend feels that the rains will fill out the kernels of the short heads and the crop will probably turn out to be of heavy test, which will increase the bushels per acre. He calculates that probably 25 million bu has been added to earlier private estimates.

In turning to the Southern Hemisphere, we find, according to Broomhall's figures, that Argentina has not been setting a very good record on the export of wheat. For the first 32 weeks of their crop year, the total exportshave been approximately 62 1/2 million bu from a crop of 248 million bu, while last year, the same comparable period, approximately 51 1/2 million bu were exported out of a total crop of 206 million bu. The present large outturn in wheat and prospects in corn in the United States may lead to some very difficult problems for our Southern neighbor. Export contracts were entered into when prices ruled considerably higher and it now remains to be seen if adequate adjustment can be made on a basis that will satisfy both the Argentine authorities and the Russian satellites who have contracts for much of the production. Needs in Europe are not as desperate as they were a year ago, at which time the Peron government was able to obtain rather extravagant prices. Argentina's customers are now in a better position to bargain.

Primary receipts of wheat totaled 3,974,000 bu today vs. 5,336,000 bu a week ago and 5,129,000 bu the comparable day of last year. Figures for the visible were not posted this morning. Wheat stocks in Chicago show an increase of 1,344,000 bu and now total 9,199,000 bu. Oat stocks are 7,038,000 bu and of all grains there seems to be about 17 million in storage at this market.

Cash premiums in the southwest again showed some firming and the CCC raised their premium 1/2¢ for delivery at the gulf. They are now paying 11 1/2¢ over Chicago September basis $2.24 3/4.

Flour business is rather slow, although the mills seem to be fairly well booked and crowded to meet their August commitments. Prices in the country for cash cornwerea little easier today, and have declined 2 or 3¢ during the past few days. Trade in September corn is a little more two-sided.

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CHICAGO, 4 August 17, 1948

Further supplemental allocations were announced by CCC that included 342,000 tons wheat for September bringing the quota for the month to the all-time record of 53 million bu wheat, which is about double the original September quota. While we have no official figures in front of us we compute that the total of all grains and flour will be about 75 million bu for clearance during September. According to officials of the USDA, the boost in the September grain allocation program was made to clear terminals, and thereby furnishing additional storage space for the large crop movement. One press dispatch states that the speeding up of the export program through gulf ports will account for a movement of approximately 80 cargoes monthly from the gulf, and it appears to be the plan to move the entire quantity covered by the original September export program during the month of August. Similar plans are apparently contemplated for the movement from the Pacific Coast. Apparently discussion is still going on in Washington as to the advisability of ending the Commodity Credit Corporation's export monopoly, although if purchases continue at the present pace, there does not seem to be too much hope of turning the export business back to the private trade during the present crop-year. The ECA controls the purse-strings for the present recovery program; therefore, it seems to be a matter of adjustment between the ECA and the Secretary of Agriculture, representing the CCC and other governmental agencies. Allocations have been discussed for the full October-December quota but have not as yet been announced. Should these allocations once be announced, the hopes of private trade for this season will be rather dimmed.

Broomhall, in commenting on the decline in grain prices, points out several reasons. (1) that old-crop stocks of wheat in exporting countries are 160 million bu greater than last year at the same time. (2) the world wheat crop is temporarily estimated at 320 million bu larger than a year ago. (3) that the European wheat crops are estimated to be 480 million bu greater than last year, with increase in other grains. (4) that the European wheat crop could be sufficient without imports if rationing were continued and stockpiles not accumulated. (5) that the world's coarse grain crop is the largest since before the war. (6) that for financial reasons most Continental countries will license imports and restrict purchases unless dollars are made available. The same authority points out that the United States is in position to export as large a volume of grain and grain products as the total exported from all countries in the past twelve months. Reports from the Danubian Basin indicate excellent crops and the probability of surpluses. Hungary is now gathering the best crop since the war; from Bulgaria we hear that supplies will be available for export and that corn prospects are satisfactory. Rumania is reported to be raising a record harvest of all agricultural products, with over a million tons wheat available for export. Corn prospects are the best in thirty years. From Yugoslavia it is reported that wheat, rye, and barley, will probably be available for export in substantial amounts, with corn prospects also good.

Information from our own Northwest is a little mixed. Rains of last week were not welcome. One source, whom we regard as very reliable in crop reporting, states that earlier in July excessively high temperatures caused some permanent damage, but this was followed by several weeks of perfect filling weather and they look for the final outturn to be quite satisfactory.

Primary receipts of wheat today totaled 3,016,000 bu as compared with 3,682,000 bu a week ago and 4,290,000 bu the comparable day of last year. So far this week, Kansas City and Minneapolis stocks show a net increase of 602,000 bu. We were not able to include the visible supply in our letter of yesterday as the statistics were released too late. Wheat increased 8,849,000 bu, making the total 154,879,000 bu, or approximately 37 million bu larger than a year ago.

There was nothing in the overnight news and markets at the moment seem to need a new incentive. Mexico purchased 5 million bu cash wheat for scattered shipments between now and January, but this was of no market influence as futures were exchanged and necessitated no new transactions in the pit. Spot corn was again slightly easier. The tension in that cereal is centered in the September future as the open interest stands slightly under 24 million bu. The final outcome is a little difficult to forecast but in some quarters they believe that the farmer will make every effort to clean his bins and market every bushel of the old crop and, if necessary, use new corn for feed, although it would not be in condition to move commercially.

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CHICAGO, 4 August 18, 1948

While less favorable weather has prevailed in many sections of Europe lately with severe storms reported over parts of Northwest Europe, it is not considered that any serious damage has been done to the over-all European crop prospects, and damage, if any, has been more of a local character. It is still fair to assume that, excluding Soviet Russia, Europe will harvest a wheat crop of approximately 1,450 million bu. This is in contrast with a crop last year of 1,015 million bu. While this is a substantial increase, it nevertheless is somewhat under the prewar average of approximately 1,600 million bu. There are no official figures on the production in Russia, but it is not expected that their total crops will deviate a great deal from last year. In addition to the more bountiful European wheat harvest the food situation is being alleviated by a very splendid potato crop, good prospects for sugarbeets and also satisfactory vegetable crops, but possibly a little less than average production of fruits. The production of wheat being below the prewar average shows the need of importations in order to restore the full prewar diet, although demands for United States grains would no doubt be curtailed materially if it were not for the funds made available from this country.

Looking ahead in this country, bountiful rains have been rather general over the northern plains of Texas, extending to good moisture in the south plains. One of our men, who has just returned from an extensive trip, advises that conditions are excellent for the seeding of winter wheat. There has been a great deal of land that has been summer-fallowed, and this should go a long way towards assuring a good crop for 1949. Some seeding has already taken place but so far on a rather limited scale. The early seeded wheat will no doubt be used for pasture purposes, and many farmers in that section are contracting their wheat land to cattlemen, and will probably be able to obtain from $3.50 to $5 a month per head. So this should furnish the producer substantial additional revenue.

Several articles have appeared in the Illinois and Indiana press stating that some corn fields are showing yellow or firing, claiming that there has been a certain deficiency of nitrogen and pointing out that in dry weather the nitrogen goes to the surface until rains wash it down where the corn roots can use same. Howeve since these articles have appeared rather substantial rains were reported in sections of Illinois, and the prospectsis for more moisture in northern and central Illinois, also through Indiana and Ohio. All in all, we still feel that a bumper crop is in prospect. The Iowa weekly crop bulletin states that corn has developed at a normal rate over most of the State during the past week. It is now reported 96% silked, with 60% having reached the roasting-ear stage. The bulletin reports some dry spots and some firing but generally speaking corn and soybean prospects are the best in the western third of the state, and while additional moisture would be beneficial in the eastern half of Iowa, there has been no deterioration of favorable yield prospects except in the northeast quarter. Since this report was compiled, rains have occurred over eastern Iowa.

Primary receipts of wheat today totaled 1,664,000 bu vs. 2,148,000 bu a week ago, and 2,862,000 bu the comparable day of last year. However, in today's primaries, Duluth is missing. Kansas City and Minneapolis stocks of wheat so far this week show a net increase of 729,000 bu.

The Kansas City Office of the CCC reported the purchase of 504,946 bu wheat for the period ending Tuesday noon, while the Minneapolis office reported the purchase of 50,000 bu in the Northwest. The CCC again raised their premium at the Gulf for August shipment to 13 over Chicago September on the basis of $2.21 1/2. There has been a steady advance in the premiums during the past week and shows the willingness of the government organization to keep up with the cash market. For the week ending August 13th, the CCC reports purchases of approximately 6 million bu wheat and about 1 1/4 million bu of flour expressed in wheat equivalent. The cumulative purchases, since July 1st, are approximately 59 million bu of wheat, 9 million bu wheat equivalent as flour, about 6 3/4 million bu barley and 5 3/4 million bu grain sorghums.

Flour business in the Southwest is reported extremely slow as well as export demand. There is no particular feature in the wheat market at the moment and interest is lagging. Spot #2 Yellow Corn sold in the Chicago market at $2.02, which is a decline of about 5¢, since yesterday, and represents a decline of around 9¢ during the past week. The country was offering a little freer and apparently the producers are somewhat altering their earlier views of higher prices.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 19, 1948

Crop surpluses have been coming into the headlines again, particularly as we are on the eve of a spring wheat movement, and in addition to this corn continues to make good progress. Before very long a 3 1/2 billion-bu crop will be on our hands, with probably insufficient storage or crib space to take out all the loans which otherwise farmers might use. There is nothing particularly startling in the present price of wheat except that the recent recoveries which took place were dissipated, but probably there has been just as much, if not more, activity in cash wheat and in premiums as there has been in futures. As grain in the Southwest became housed, some of the tremendous discounts which prevailed, both for ordinary wheat and for off-grades, gradually disappeared. Actually cash wheat in the Southwest has tightened to some extent, probably to a greater degree in Texas and Oklahoma than elsewhere. It is difficult to say, in view of these circumstances, just how much wheat is apt to be impounded, and unquestionably a larger percentage was sold at least early in the season when farmers were unable to get terminal storage on which to make their loans.

In addition to the factors just referred to, exports of wheat and flour will undoubtedly top 450 million bu as the government has planned. As a matter of fact big inroads are being made already judging from August shipments and September allocations, but as we have maintained for several weeks, it takes quite a little time before this is fully felt. We had not only the second largest crop in the history of the country, but also, a more normal carryover, so that there are not the holes to fill as was the case a year ago when our reserve stocks had sunk to such low levels. We have little doubt that billions of dollars are available to prevent any serious declines in farm prices. After all, CCC is not suffering from lack of money, and if necessary added amounts of grain may be shipped to Europe and to China, but here, again, there is a limit to the quantities that can be handled at ports.

With all this going on there seems to be less chance of the export business being returned to private hands. It had been hoped that this change might occur early in October, or even before, but government officials in discussing the matter a day or two ago claimed that no decision had been reached. October allocations are now being considered, and we believe are under preparation, so that if business were returned to private hands, some sort of announcement would be forthcoming shortly. In these circumstances we have another example of how difficult it is to have business returned to free enterprise once a government agency has been set up. We presume that with the existing laws CCC feels a definite obligation to try to bring farmers a price about 90% of parity, and now that fear is expressed that these floors have been pierced, possibly they are weighing all the factors before stepping out of the picture. Apparently they were not prepared for bumper crops of wheat, corn, oats, and cotton, not to speak of all other crops, which have likewise been produced in such superabundance.

Primary receipts of wheat amounted to 2,770,000 bu compared with 2,742,000 bu last week and 2,715,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 923,000 bu.

Trade was not particularly heavy but the most important factor today was a sharp break in July wheat which occurred shortly after our market opened. It apparently required only moderate selling to bring about a decline of more than 7¢ per bu with the 1949 wheat future apparently poorly supported. It is difficult for anyone to have much of an idea as to what wheat should be worth a year from now. We do know that soil conditions are satisfactory and very likely a large acreage will be planted but what the crop will finally yield or what political developments there may be are so uncertain that we hesitate to give much advice, even when this delivery is selling 20¢ cheaper than the May future. There was some selling in other months, and likewise in corn, but good recoveries took place before the close.

We understand, from one of the elevator men here in Chicago, that new corn carrying high moisture would net the farmer less than $1 per bu, based on the present price of the December future. In addition to the various charges and freight necessary to bring corn to terminals, one must bear in mind that moisture corn carries a discount and thus we are inclined to believe that there will be a holding tendency insofar as corn can be stored back in the country. The question, of course, is with the crop so much larger than normal how it will finally work out.

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CHICAGO, 4 August 20, 1948

Large exports are still being discussed in Washington, despite the fact that Europe has a much finer wheat crop than last year. The improvement over there is more marked in winter wheat than in spring cereals, which is quite a reversal from last year when winter grains, including wheat and rye, had suffered severely from frost and a substantial part of the area had to be re-sown later with spring barley and oats. Last winter was comparatively milder and, therefore, crops enjoyed a season without heavy winter kill, and as a result very little reseeding was necessary in the spring. Later on temperatures were about normal in June, followed by reasonably good weather in July, although the last days of the month were somewhat hot and sunny. In any case Broomhall is of the opinion that with these conditions and probably some surplus wheat in the Danubian Basin, including such countries as Hungary, they will probably gather the best grain crops since the war. This authority tentatively figures total world requirements will be only about 720 million bu, which is not particularly large, especially if the United States clears 450 million bu. It would mean that other exporting countries would have to provide only 270 million bu. Certainly Canada on basis of its recent crop estimate could furnish a large percentage, which would mean that only trifling amounts would have to be shipped from either Argentina or Australia.

We appreciate, of course, that Broomhall's estimate is only provisional, and that there is always the possibility of trying to build up reserve stocks in Europe which have been lacking ever since the war. In fact, it has been a question of getting about enough food over there sufficient for moderate subsistence, and for many years now there has been rather tight rationing, so that the people, particularly those who worked hard, did not get an adequate diet. Canada alone has a contract to furnish 140 million bu to Britain. We presume that Australia will definitely continue to ship some quantities as she has, and if this is the case there might not be room for heavy exports of Russian or Danubian wheat or even free Canadian wheat after taking care of British requirements. Thus the Marshall aid, which at the present time is of great assistance to Europe, might finally cause political trouble in competing countries, as Broomhall points out. He claims that the United States could so easily be accused of using her wealth during the four seasons of Marshall aid to edge out competitors. He does not believe that the International Wheat Agreement is the solution to any of the problems that now exist. He feels that there is something much more flexible and workable needed to bring about proper results. His suggestion is that outside of Marshall aid, with the exception of harnessing the immense distributive energy of the international grain trade, we should put normal price mechanism to work in a manner that will get results, and he himself does not know of any other solution.

CCC purchases recently have been a little lighter, and yesterday they bought 250,000 bu wheat through their Kansas City Regional Office. Their prices remain the same, and they are bidding 13 1/2¢ over Chicago September for all August shipment. This is about in line with other cash markets, but apparently the winter wheat movement is no longer burdensome, nor is there much pressing on the market, which may have been responsible for a little better feeling early in the September delivery, which in turn also influenced to some extent the later months.

Primary receipts of wheat amounted to 2,622,000 bu compared with 2,734,000 bu last week and 2,988,000 bu last year. Kansas City and Minneapolis stocks so far this week showed an increase of slightly over a million bu. When the visible supply is posted on Monday, there will undoubtedly be an increase compared with nearly 7 1/2 million bu that was added to the stocks a year ago.

Trade was only moderate today but there was some liquidation in September corn which seemed to be quite general and apparently new buying power was thin. There is still an open interest of nearly 23 million bu, with only moderate quantities here in Chicago but today's bookings from the country were slightly heavier and a good many people feel that farmers will be disinclined to carry old corn into the new crop when they can obtain better prices now. The deferred futures of wheat were a little firm early, as we stated, in sympathy with September wheat, but later on a few selling orders brought about a reaction and there seems to be no general confidence. Flour business is showing no pick-up and apparently the underlying reason is that both bakers and jobbers are waiting for the spring wheat movement.

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CHICAGO, 4 August 23, 1948

Despite all the talk that one hears as to the possibility of modifying the support program for agricultural products, we feel pretty much convinced in our own minds that if there is much further weakening, an attempt at least will be made to bolster farm price supports by stockpile buying or by heavier exports, if possible. Thus prices in the end will probably not be allowed to break wide open, as in past deflation periods. There is no doubt in our minds that having raised bumper crops of wheat, corn, and oats, not to speak of the splendid agricultural conditions prevailing elsewhere, we would have quite a sharp break in the whole price structure except for two factors: one the heavy shipments that are being made to Europe and Asia; secondly, the impoundings which are bound to take a good deal of grain from commercial supplies. So far this season we have had no report from Washington as to the amount of wheat that may have been placed under the loan. Ordinarily at this time of year we would be getting periodical reports. However, it is admitted that tremendous quantities have been dealt with, and that this may be the reason for the delay. The Department of Agriculture is pressing the State agencies for data in order that we may have at least tentative figures. For the first time this season, we shall also be given the quantities that have been signed up under the purchase agreement, and these, too, are likely to be very heavy.

Consequently, one cannot become too enthusiastic on the bear side of the market unless it is felt that the whole agricultural program is going to be submerged because of the large crops that have been raised, and that as a result we are apt to have a complete breakdown. In a political year nobody is particularly anxious to precipitate a deflation by conscious action. Furthermore, either party, regardless of the outcome of theelection in November, will probably be on the side of resistance to deflation once it starts. While there is a great outcry for lowering living costs, it is nevertheless true that inflation is still more popular than deflation. While it is probably correct that certain deflation forces are definitely gathering strength after many years of rising prices, still we have a heavy demand for automobiles and certain other durable goods which far exceedssupplies. There will also be armament spending by government, taking metals that would otherwise go into production of consumer goods. For the time being, at least, inflation is still fed by rising incomes, which are reacting against a limited supply of goods.

We were told this morning that Department of Agriculture and Commerce Department Officials were in disagreement as to whether our grain exports should be increased owing to the record crops. Agricultural exports were said to favor heavier shipments as an alternative to large-scale government grain buying to keep prices up. On the other hand, the Commerce Department was understood to want Europe to buy materials which will spur final recovery. Thus we are going to have very uncertain markets due to these conflicting ideas, but meanwhile crop reports all continue satisfactory, although we shall probably experience four days of rather high temperatures over the corn belt with little moisture during the period. No ill effects are expected, although probably ripening and maturing will be hastened by the heat. This is ordinarily the weather we get during middle of July, but it is much less harmful coming at this time of year, and most of the experts are still very optimistic on the final outcome.

When the visible supply of wheat was posted, there was an increase of 4 1/2 million bu. Total stocks in all positions are now159.3 million bu, or about 34 1/2 million bu more than a year ago. Chicago stocks increased over a million bu, with 10 1/4 million bu now in this market, and there is a possibility of some deliveries on September contracts. The corn visible showed a slight decrease. There is only a little more than a million corn in all positions compared with about 8 million bu last year. The oat visible increased more than 3 million bu, totaling now 15 1/4 million vs. 11.7 million bu last year. Chicago oat stocks amount to 7 1/2 millinn bu.

At times the market tried to do a little better but the rallies were feeble at best, and during the last half hour of trade September corn became quite weak, which finally influenced other grains. There seems to be considerable pressure on May wheat and on July wheat, the theory being that we may have a change in the government support program or that at best present efforts may not succeed despite the government's loan program. At the moment CCC purchases Southwest are quite smal

With the exception of corn, general export licenses on South American business have been restored. Whether much business to the Americas will develop is problematic.

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CHICAGO, 4 August 24, 1948

The Agricultural Act of 1948 supplements and amends legislation affecting producers and handlers of agricultural commodities. It is far too complicated to try to explain all of the provisions in a market letter of this kind. The amendments will not become effective until January 1, 1950. In the meantime, however, price support in almost identical form is continued under temporary legislation. In connection with support prices Agricultural commodities are still classified as they have been previously either as basic or as non-basic with a temporary sub-class of non-basic items known as Steagall commodities. The basic commodities are cotton, wheat, corn, tobacco, rice, and peanuts. All other commodities are non-basic. The Steagall commodities are hogs, eggs, chickens, turkeys, milk and butter fat, dry peas of certain varieties, soybeans for oil, peanuts for oil, flaxseed for oil, American-Egyptian cotton, potatoes, and sweet potatoes; in other words, products for which the Secretary formally requested an increase in production during the war emergency period.

Now there are a good many people who believe that even a government as powerful as ours may not be able to support all these items without finally causing a breakdown in our whole economic system. We believe some of the liquidation which has taken place during the last few sessions was on the basis that planned economy was coming nearer an end. The present applicable legislation provides for both permissive and mandatory support programs. It is our belief that finally high support levels at 90% of parity price on basic items except for cotton, which is even higher, will have to be lowered, but we have our doubts as to whether this will be done immediately. We also recognize that the whole theory of farm relief is completely different from what it was under the original conception. There can be little dispute that when government non-recourse loans on commodities are unrealistic and too high, ownership of the commodities will finally pass to the government by default. As Senator Taft said recently in one of his speeches: "If the support price is too high then the government accumulates such huge amounts of products that it is forced to impose production controls and limit acreage for all farmers. I believe myself that a well devised support price program can be carried on without production controls except perhaps in the greatest emergencies. Certainly that must be our goal."

When our market opened this morning, there was a little better buying power, probably for the reason that recent liquidation had been quite severe and the deferred futures in virtually all markets are selling way below loan levels. The heat wave, which has been reported over the corn belt, will probably be with us for another two or three days, and while the corn crop is still very good in most areas, there are some who feel that moisture would be welcome and we have heard one or two complaints of firing. However, up to the present time this condition is not believed to be very serious.

Primary receipts of wheat amounted to 2,606,000 bu compared with a little over 3 million bu last week, and 3,370,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 451,000 bu.

After the first hour of trade, markets showed a little more firmness and later on whenit became apparent that the CCC prices were about in line and actually there was some Chicago wheat sold to the Atlantic seaboard. There was a little buying of September wheat, and this, in turn, had a bullish influence on the rest of the market. If there should be fewer deliveries, then it is likely that the cash wheat will tighten further, and again, chances for carrying charges are not very good as long as we have these government programs. The market generally seemed to have been pretty well liquidated and September corn was covered with the result that it increased its premium over the new crop futures. Oats, which have held rather steady during this period, also came in for some investment buying and closed higher.

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CHICAGO, 4 August 25, 1948

There would be no valid reason for expecting particularly high prices this year were it not for the two factors that we have mentioned so often in our market letters: namely, the government support program and the huge export movement which now is expected to reach a higher figure than ever before. There is some talk from Washington that we may clear 500 million bu wheat, together with 200 million bu other grains, or a total of 700 million bu, something which we have never attempted before in the history of our country. We have no inside information on politics, nor do we pretend to know whether any modification will take place in the support program, but in studying the laws now on the books, we are convinced that unless parity takes a big drop due to changes in economic conditions, the transition is apt to be slower than some people now anticipate. We appreciate that under the new formula, parity prices will be computed differently from in the past, and while some commodities will be higher, others will be lower and the latter refers to grain. The purpose of the new formula is to bring the relationship between parity prices of the various farm products more nearly in line with the relation between actual prices of these products in recent years. Under the old formula, a certain base period was used, and where there were instances in which the farmer did not benefit sufficiently, a different period was chosen in order to help agriculture in every way possible.

Regardless of what may occur when the next Congress convenes, we must meanwhile face realities, and in doing so point out that if in 1950 the parity price for any commodity as computed by the new formula is more than 5% less than that as computed under the old formula, the change is to be made in transitional steps. In this event the effective parity price will be reduced no more than 5% below the old parity price in 1950. There could then be an additional 5% cut in 1951, and so on until the old parity price has been reduced by successive 5% reductions to the level of the new parity price. In addition the law from 1950 on provides for fluctuating loans from 60 to 90% depending on available supplies. What we are trying to say is that there will be no sudden deflationary program as the law now stands, but whether it will become necessary to deal differently with our over-all scheme of support is another question, which may require some alterations later on. We believe there was realization of these factors, together with talk that large quantities may be impounded and thus made sterile, also, that in addition farmers who do not need the actual cash may avail themselves of the purchase agreement, which has certain advantages not enjoyed by those who take the loan. The purchase agreement favors the producer to the e xtent that while he offers to sell he does not obligate himself to carry out his contract. Therefore, if the price later on should advance, he simply forgets that he has made an agreement but merely sells hig grain on the market at the higher price, and is not in any way penalized.

When our market opened this morning there was a little further reaction possibly influenced by the heat wave, which continues over the corn belt, and there are more reports of possible deterioration being heard, particularly in areas where it has become dry.

Primary receipts today were down to 1,684,000 bu which compared with 1,664,000 bu last week and 2,369,000 bu last year. There seems to be no pressure from any source, and very likely CCC purchases were light today, as they reduced their price to 12 1/2¢ over Chicago September, but it would be rather difficult even if they would pay more to attract much wheat, as the country is not selling heavily. There was nothing bought by this agency in the Northwest, and they were only able to obtain 387,000 bu yesterday through the Kansas City Office.

The milling demand is still poor, although spring wheat mills have sold a considerable volume of flour in the past few days, but had to do so at sharp price concessions. In the Southwest business is almost at a standstill, and PMA will probably not buy flour for Gulf or Atlantic shipment this week. However, they are expected to re-enter the market early next week. Despite all this, we had moderate firmness, although best prices of the day were not maintained, and there seemed to be some profit-taking.

Business with South America is not going to be helped any by returning the business to private hands. The trouble seems to be that most of these countries are lacking dollars, and even the Peruvian government, which generally imports about 6 million bu, has pretty well covered its requirements, and we believe that if we are going to export the large quantities the government speaks of, it will

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have to be mostly to Europe and largely on credit terms. UHLMANN GRAIN CO.

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CHICAGO, 4 August 26, 1948

One of the chief reasons for the comparatively high wheat prices prevailing now, and which we have contended with during the past two or three years, has been the big outflow to the deficit countries. With the government now talking of the possibility that we may ship 500 million bu wheat during the present crop season, it may be timely to look at some comparisons with other years when world requirements were probably greater than they are at the present time. Owing to the fact that crops in Europe turned out so much better than at any time since the war, Broomhall feels that world shipments will probably be smaller than during the past three or four years. We might point out, however, that since August 1st, these world shipments have totaled 50 million bu, of which the United States has supplied a little over half: namely, 26 1/2 million. Canada furnished 10 1/2 million, Australia 8 1/2 million, and Argentina only 2 1/2 million, while 1 3/4 million came from Russia. There is certainly no reason to feel that total world shipments will be anywhere near as large as they were last season when 924 million bu was placed afloat by the United States, Canada, Argentina, Australia and Russia. We tabulate Broomhall's figures covering the export situation, feeling that they are self-explanatory:

(000 Omitted)	1947-48	1946-47	1945-46
U. S. A.	480,000	404,000	404,000
Canada	200,000	244,000	340,000
Argentina	100,000	63,200	68,000
Australia	116,000	48,000	40,000
Russia	28,000	-	-
TOTAL	924,000	759,200	852,000

While the total production of wheat this year of 1,284 million bu was somewhat smaller than last year's record crop of 1,365 million bu, we must take into account that the carryover reserve was larger and that, therefore, the total stock on hand July 1st was greater than for any of the past four years, with a total supply in this country of 1,479 million bu this year compared with 1,448 last year, 1,253 million bu two years ago, and 1,387 million bu three years ago. Certainly this would not indicate any great shortages, but we still have in mind that even if we ship only 450 million bu and consume 750 million bu, this would account for 1,200 million bu. In addition to this anywhere from 200 to 400 million bu might be tied up in the loans or under purchase agreements, so that one must still bear in mind that large as the present supplies are, we may finally have very little free wheat by the end of the season. It is difficult to state the picture too clearly because there have been no figures released yet as to the quantities that are being impounded, and in that respect the government is somewhat behind in compiling this data. They will intimate how much is involved in the purchase agreements, and a good many farmers who apparently are prosperous may use this device to protect themselves if they do not need funds immediately, but yet want some sort of insurance that if the market should stay under loan levels, they would be able to benefit from this government benevolence. We are mentioning these various factors to show the possibilities that exist, but which may, nevertheless, take time because naturally we have to eat first into our surpluses and ship the quantities that we have discussed before any possible shortage may be felt. In any case, the market may be reflecting the belief which we have expressed - that finally the situation will be quite different from at present.

Corn prices were also moderately higher when our market opened, and warm, dry weather during the past week has certainly depleted some of the moisture supplies. As the Iowa weekly crop bulletin pointed out yesterday, a significant acreage of corn in that State is now being pushed to maturity at too fast a rate for maximum yields.

Elevator stocks in Kansas City have started to decrease with a reduction of 14,000 bu so far this week, but in Minneapolis they are increasing, being 645,000. This trend seems likely, inasmuch as CCC bids are attractive to terminal markets. Good quantities are believed to have been sold for shipment out of Chicago, but this is most likely to be only mixed wheat as elevators can deliver hard or red wheat on the September futures to better advantage. Other CCC business is confirmed for shipment from points East of Chicago, both from lake ports and interior markets, as narrowing spreads make it less profitable to carry stocks.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 27, 1948

There was no special news overnight except that high temperatures were still being reported over the corn belt, although a few scattered showers and thunderstorms have occurred over western Iowa, northeast Nebraska, portions of the Southwest, and Missouri, while elsewhere it was generally fair. There is some likelihood of scattered showers tonight or tomorrow but they may be spotted, and to this extent we may still find that isolated localities will be talking of corn firing, at least until there is some relief. The five-day forecast is a little more favorable, but for the time being there seems to be little pressure on markets, with the country not inclined to sell much cash corn. Premiums, therefore, are strong, and it is a foregone conclusion that there will have to be some drastic adjustments between cash and futures before end of September. This is bound to give us erratic markets for the nearby corn future, and it is rather difficult to make definite forecasts at this time.

As for wheat, we have some rather interesting figures given by Broomhall. His version is that total world shipments during the coming season may amount to about 864 million bu. He figures that Europe will require close to 600 million bu wheat and flour, and the balance apparently will go to non-European countries. In trying to break this down further, 448 million bu is expected to be cleared from the United States, 220 million bu from Canada, or a total of 668 million bu from North America. This would then leave 60 million bu from the Argentine, 96 million bu from Australia, and 40 million bu from sundry countries. There is nothing very surprising in these figures, but it shows that we are still the predominant factor in the export market if we again furnish over half the world shipments. It also brings to mind that under the International Wheat Agreement there was a provision that the United States would be permitted to ship 185 million bu, and we presume this situation will come up once more when Congress convenes. It seems unwise at a time when our clearances are so much larger to enter into such negotiations, particularly when we are still trying to support prices at home and are having some difficulty, while on the other hand the pact would require our guarantee to furnish certain quantities of grain at considerably lower levels, and thus have a subsidy to take care of the losses sustained. In the meantime, there is still the question of whether the export business will be continued through CCC or whether it may be returned to private hands. We now understand that Mr. Hoffman of ECA is in favor of letting the business be returned to exporters, who in the past have had many years of experience in this direction, and the chances are that a decision will soon be forthcoming. However, Secretary Brannan is presumably against this move.

Primary receipts of wheat amounted to 2,688,000 bu compared with practically the same quantity last week as well as last year. Kansas City and Minneapolis stocks show a total increase of 815,000 bu. We expect a moderate increase in the visible supply when it is posted Monday. A year ago there was a gain of slightly over 4 million bu.

Markets were rather firm early and there may have been some removal of hedges either against export business or further sales to the CCC. We note that more than 3 million bu was bought by the CCC in the Chicago area yesterday, although it is our understanding that most of the wheat taken was in positions East of here and that so far only mixed wheat has been sold out of Chicago. Thus, there are still some uncertainties as to how much will be delivered. From what we can gather the elevators have in mind tendering 2 to 3 million bu wheat unless, in the meantime, CCC purchases are on a higher basis. September corn gained further on the new-crop futures. Late in the session there was some profit-taking all along the line. Best prices of the day were not maintained and all futures were actually lower, with volume of business somewhat smaller. Flour business is still extremely poor, both for export and domestically and recent volume is reported to have slowed down to a trickle. There was no special feature to the oat market and it is still difficult to tell whether there will be heavy deliveries but we are inclined to think that the quantities will not be large. New parity prices will be published later in the day.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 30, 1948

This is really the first year since the loan program has been so generally understood that there has been considerable doubt as to the efficacy of the government being able to carry through on its intentions. It is not due to the fact that there is not enough money, because undoubtedly the Congress next January would vote additional funds to carry through its commitments if necessary. The capital of CCC is only $100 million, but we understand that about $4.7 billion has been appropriated to carry on these various supports. Of course, there is no assurance that the money would all be lost in any case. We appreciate that record or near-record harvests will require the expenditure of additional funds, particularly with all the various commodities that may require handling, such as potatoes, eggs, flax, dried fruits, not to speak of the other important items, such as cotton, wheat, corn, etc.

In a broadcast on Saturday over one of the farm programs, the Under-Secretary of Agriculture, The Honorable Albert J. Loveland, pointed out some rather pertinent considerations. He stated that the July crop report forecast that there would be a total of more bushels of corn, oats, wheat, rye and barley than we had ever had before. On top of that came the August report adding 300 million bu grain to our prospective crops. Such production, he claimed, would mean that several hundred million bu would be unprotected from weather unless additional bins and cribs could be constructed on our farms. He called attention to the fact that we are going to need more storage for corn than for any other crop, owing to the fact that only a small part of the corn is marketed as corn. He also mentioned that one of his fellow Iowa farmers had planned to store as much of his crop as he could and would sell the rest. The flaw in that idea was that whatever that particular farmer sold would have to be stored elsewhere and would merely add to the congestion, but we gather from this broadcast that the government still has in mind holding as much grain as is humanly possible back on the farm. Mr. Loveland himself stated that it was the intention to put the crop on the market in an orderly way, and that if a farmer needs money to pay his season's bills he can get a price-support loan through his County ACP Committee if the grain is in approved storage. Agricultural Department officials expect that from 200 million to 500 million bu corn will be placed under the loan during the year, and under the purchase program the farmer offers a given amount of grain for sale to his local PMA Committee at the support price for his area. Thus producers who do not qualify by way of having the proper storage may take advantage of the latter program if the prices stay below support levels. They can then deliver their corn to the government within thirty days after September 1st, 1949, and collect the support price.

In talking with some people downstate, we find that there is every intention of resorting to these methods even to the extent of building snowfences and keeping grain back if prices remain at present levels. Very likely some additional crib and bin construction will likewise house some of the surplus, which makes it rather difficult to figure out at this time how much distressed corn may come to market when the movement starts. Plans both for temporary and permanent cribs are available in County Agricultural Conservation Offices, and from County Extension Agents, who apparently are trying to help in view of the large reserves that are in prospect.

When the visible supply of wheat was posted, there was a slightly larger increase than last year and it amounted to 4,624,000 bu. This brings total stocks in all positions up to 165 million bu, or practically 35 million bu more than in 1947. Chicago stocks are about a stand-off and amount to 10 1/4 million bu. The corn visible showed a small decrease. There is only about a million bu in all points compared with 8.3 million bu last year. The oat visible showed an increase of 1 3/4 million bu and there are a few more oats in the total supply than last year. Chicago stocks amounted to 7 1/2 million bu.

Trade was reasonably good and there seemed to be a better undertone. First of all, cash corn in the spot market sold at about $2 per bu. This caused some covering of September. Furthermore, the hot weather over the belt, which has moderated, is expected to be only temporary and there are some who believe that the final yields may be reduced unless we get a good general rain before long. Wheat prices were higher and it is thought that PMA may buy some flour this week but the domestic business is extremely dull and this refers to springs as well as hard winters. Export trade is apt to pick up after the October quotas are made public.

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CHICAGO, 4 August 31, 1948

Grain news does not seem to change much from day to day except that the trade is watching the weather, and we still have corn and beans to be harvested. Therefore, moisture would be extremely beneficial for both of these crops, particularly since we have had quite a spell of warm weather. Very often these high temperatures come during July and bring about damage before the corn has tasseled, so that having the heat late as it is now, it is not regarded as being too important, although it could give us somewhat smaller yields than had previously been anticipated. The five-day weather outlook is not too optimistic, and little if any rain is expected, except possibly a few scattered thundershowers here and there but those who are sending crop reports in from growing areas do not seem to worry greatly about the corn maturing too early. They claim that some fields show some deterioration on the fringe, but that inside the plant still appears healthy and strong. In about ten days we shall have the next crop report giving us the government's forecast on expected yields.

European crops are now being gathered satisfactorily, and the fear of a wet harvest in the United Kingdom seems to have passed, with reports that quite a little grain has already been cut. The potato crop in bi-zone Germany will be about 18 million tons compared with only 8 million last year and 11 million in 1946, which, of course, is a very important factor since the people in that country are such heavy potato eaters. There is still some talk that world requirements will be considerably smaller than last year, but apparently no change in our export program is contemplated and Washington figures on shipping 450 to 500 million bu wheat and flour, which would probably be more than half what is shipped from all exporting countries. Australia is not shipping quite as much as earlier. However, the total since January 1st amounts to 98 million bu wheat and flour, which compared with only 30 million bu the previous season. They estimate that there is still about 66 million bu available for export and carryover vs 26 million bu this time last year, so that Australia is still bound to be a fairly important factor.

CCC actively continues, and as a result deliveries of wheat on September contract in the Southwest are not apt to be heavy, but fair-sized tenders are being made here, and we also understand that possibly half a million bu may be tendered in Minneapolis, with the result that the nearby futures are not in such strong demand. Washington still debates as to whether the grain business will be returned to private hands but we do not hear of any final decision yet. The delay is regarded in grain circles as being not too hopeful for CCC relinquishing their control. However, we saw one report from Washington that the private grain trade would be permitted to engage in grain export business outside of the Western Hemisphere after December 1, 1948 according to a decision reached by government and ECA officials. However, CCC will continue to buy for government needs such as the occupied zones.

The primary movement of wheat was a little larger and amounted to 3,589,000 bu compared with 2,606,000 bu last week and a little over 6 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 382,000 bu.

There was some firmness early in the day and buying may have been encouraged by the great strength in cash corn with a car of #1 Yellow selling on the spot market at $2.07 per bu. This brought in some covering in the September delivery and it widened its premium over the new crop futures. However, profit taking was quite general and even in oats now there seemed to be reasonable tenders on the September delivery but oats were just moderately lower and there seemed to be no general selling. Bookings of corn were a little bit heavier than of late but it is still extremely difficult to give much advice on the nearby future for the reason that cash and futures are selling so far apart and it is guesswork as to how these two will finally come together. Some of the selling in September wheat today may have come from quarters where wheat had been delivered and, on the whole, milling demand is still very poor with inquiries coming in small numbers and about the only encouraging feature is the prospective buying that PMA may do later this week.

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CHICAGO, 4 September 1, 1948

The results of the first tenders of grain on September futures proved interesting from point of view that with our newly harvested grains selling under loan levels, whether trade interests might have relied on futures deliveries to carry out their commercial transactions. This appeared to be the case in oats, as those who took the deliveries are commercial users, and most of the elevator firms refrained from making deliveries on the assumption that they could continue to sell for shipment at premiums higher than those called for in the deliveryon futures. Other deliveries, such as lard, went to scattered commission houses, and the same seemed partly true in wheat, but in the latter it would not seem that commercial users needed to rely on September deliveries, inasmuch as when the harvest was at its peak a few weeks ago, this grain sold at good discounts under the futures, and warehouses had an opportunity of buying the grain to be shipped direct to their elevators at about a carrying charge under the futures price. The CCC, particularly for wheat in our market, has not bid high enough to readily attract our deliverable grades, because it has figured about the September price FOB cars whereas by delivering on futures in store, the loading out charges and possibly some storage would make deliveries on futures more advantageous. The widening of the September-December wheat spread yesterday afforded an opportunity for some hedges to be changed over to the later months, and to that extent it lessened changes of further deliveries. However, we do not believe a great deal was done, and it may be that further original deliveries will be made if retenders are not forthcoming.

We note that the Peron government in Argentina seems somewhat hardpressed for USA dollars, and we understand that some drafts have been outstanding for a length of time. This seems to put them in a more willing frame of mind to make concessions in exchange for Marshall Plan procurements in that country. Because of holding their grain prices so high, the US has shipped wheat to their very doors. In 12 months, June-July, Brazil received 5,700,000 bu wheat from the U.S. and in 7 1/2 months only 8 1/2 million bu from Argentina. In July this year large quantities of American flour were shipped to Brazil until licenses were imposed, and the government fixed prices domestically to lower the amount of flour imported. It is pointed out that this latter move indicates that Argentina is anxious to get the Brazil market back, which was good for nearly 40 millinn bu annually sometime ago.

Meanwhile, our country continues to export very heavily, and daily the allocations for the October-December quarter are expected. But as we view it, these are not final because supplemental quotas have been issued right along, so that port facilities are taxed to the maximum in order that grains may be exported to relieve the interior storage congestion. Some authorities are of the opinion that later about a million tons corn will be allocated for export during the quarter mostly to clear during the month of December. Such a quantity of equal to 40 million bu would naturally depend on the moisture in the corn because for elevators to dry such an amount of corn for about one month's exports would be quite a task. Last season we exported 476 million bu wheat and flour, in addition to which there were certain amounts in the form of breakfast foods, etc., and probably shipments to our possessions. To the various German zones, and the U.S. Pacific alone, we sent 185 million bu. This affords a substantial outlet again this season but such countries as France, to whom we shipped 56 million and Italy 48 millinn, it would seem there is less chance of shipping heavily this season. As many countries have been so poorly off for food in recent years, it will be necessary for them to build up some stockpile in order to approach a more normal diet, and in addition, they are anxious to increase their feeding of poultry and livestock, and the U. S., therefore, apparently has an outlet for good quantities of corn.

Cash corn was again strong today, with spot sales up as high as $2.12. Various reports, including the State of Iowa talk of some deterioration, but yet the consensus is that the crop is still about as large as it was in the last government report, or about 3 1/2 billion bu. Continued small oats receipts tend to confirm the position of processors in relying on deliveries for current requirements.

Primary receipts of wheat were 1 3/4 million bu, slightly over a week ago, but only half of last year. Oats at 459,000 bu were less than half a year ago. Wheat stocks in Kansas City and Minneapolis show a net increase of 311,000 so far this week.

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CHICAGO, 4 September 2, 1948

After the close of the market yesterday, ECA announced that exports of all grains to countries which purchased with ECA funds will be returned to private hands as of December 1, 1948. The CCC is still to control the purchases for Bizonal Germany, Austria, Greece, Trieste and China. This announcement has been long awaited by the trade, and while the exemptions greatly limit the scope of the private exporters, nevertheless, it is a further step in the right direction, as recently the Western Hemisphere was released. As to the amount that will be allocated, it is difficult to surmise, as no statements have been given out. Apparently there are discussions and disputes taking place between the Commerce and Agricultural Departments, the former apparently desiring quarterly allocations to be reduced. It stands to reason that while Europe is still on short food rationing the requirements cannot be so much greater than they appeared to be several months ago when the prospects for both wheat and corn crops in this country were very much lower.

Undoubtedly the price of food is a very moot political question at the moment. Pressure at home is for reduced costs for the family breadbasket. Politically it may be expedient for the present administration to prevent declines during the coming Presidential campaign. According to a press dispatch, Harold E. Stassen, after a meeting with the Republican candidate, during which food prices were discussed at some length, accused the administration of deliberately trying to stop food prices from going down. He took to task Secretary Brannan for indicating that government food purchases might be increased, and stated that prices would come down in the next two or three months if the government does not abuse its food purchasing.

In analyzing exports from the U. S. from July 1, 1947 to June 30, 1948, at which time approximately 475 millinn wheat left our shores, about 134 1/2 million bu went to occupied districts of Germany, 22 1/4 million to Greece, 46 1/2 million to the Pacific, 48 1/2 million to Italy, which probably included Trieste; so this accounts for about half our exports. Under the new arrangement, of course, we can export to Italy and to France, which latter country took 56 million bu last year, and to Mexico, which took 11 million last year, and to other miscellaneous countries, making up the balance of our exports. How much has already been shipped to these countries or what their future needs will be we cannot estimate at the moment. As far as Great Britain is concerned, they have pretty well arranged for their requirements, which do not include any wheat from this country. Broomhall, sometime ago, estimated their needs at 280 million bu, of which he figured they would supply 85 million from their own crop, 140 million from Canada, 80 million from Australia, or a total of 305 million bu, which would enable them to add 25 million bu to their much depleted reserves. Broomhall also reports in his latest bulletin that yields of wheat in Italy, France, Belgium, Holland, and Hungary are heavy, and that the flour extraction will be decreased, rations will be increased, and quality of the bread improved. He further points out that fertilizers and machinery are arriving so that cultivation of the soil this fall should show a substantial increase, and the third year of peace should bring a big improvement in food production.

Primary receipts of wheat total 4,295,000 bu against 2,706,000 bu a week ago and 2,225,000 bu the comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 415,000 bu; Kansas City stocks actually decreased 360,000.

All grains were subject to liquidation today, somewhat influenced by the move ment in the spring wheat territory, and the impending large corn crop. In addition, markets have taken on a political aspect, as mentioned in the fore part of this letter. However, in trying to appraise values, we do not want to lose sight of the influence which should be felt later from the large impoundings, and the right of the producer to avail himself of the Purchase Agreement. While it takes some time to absorb a bumper crop, such as we have had this year of wheat, nevertheless between exports and impoundings, it would seem only reasonable to believe that tightness will exist later on in the crop year. Politics always lead to uncertainties, but we cannot help but being impressed with the fact that in the past no lowering in the support program has ever taken place after the crop has been seeded, and winter wheat is now being planted in the Southwest. Regardlessof the consequence, we do not see much chance of revision for the 1949 crop.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 3, 1948

One of the private experts expressed his views on the corn crop today, estimating a yield of 3,540 million bu. It had been thought likely in some quarters that deterioration had set in due to the fact that we had a spell of hot weather with not much moisture, but apparently we would have had even larger supplies had it not been for this setback. The system of computing crops, as we understand it, takes into account the possibility of some deterioration, and works very much along the lines of life insurance, in that a person at sixty has a better chance of reaching the three-score and ten limit than a younger person. Thus every month that the crop survives the handicaps of weather, the better opportunity for getting a big yield. In any case, this will be famous as the second smallest acreage in fifty years, but despite the small amount sown we shall have over 3 1/2 billion bu, which has never before happened in the history of our country.

Chances are that with this situation and the second largest wheat crop, together with heavy production in oats and in other grains, lower prices would be witnessed except for the artificial means that have been undertaken to keep prices pretty close to support levels. In the consuming areas of the East where there does not seem to be as much regard for the farmer as there is in the important growing areas, there is more thought being given to the high cost of living and very likely this is coming to the foreground as we come into the period of national elections. We ourselves feel that regardless of what may be done later on, the loan program will be fairly effective, insofar as this year's crop is concerned, because for wheat little can occur between now and end of December to take away privileges which have been granted to farmers either by way of actual loans or even the purchase agreements. Consequently, much will depend on the quantities that are actually impounded. Up to now no figures have been given out; so we continue to be somewhat at sea on this program. Looking at the question quite impartially, which may be somewhat difficult to do when one is in the grain business, we feel that the whole question of supports should relate to farm commodities that are in distress without trying to keep them at high levels year after year even when the farmer is extremely prosperous. We already find some resentment taking place that this group of people is getting too many favors, and finally we are fearful that there may be reactions against them if the generosity is carried to a point at which it is considered overdone. In 1938, the average farm loan for wheat was 53¢ and most people who are fair-minded were quite willing to see some support given to farmers when there was a possibility that they might lose their farms, but by the same token we find few people who figure that there should be the same relative support at $2.29 basis Chicago for tying up tremendous quantities; therefore, it is to be assumed that one of these days there may be a happy medium or else we may have the sad consequence of having the whole program thrown over because of disfavor on part of those who have to meet high grocery bills to feed their families.

CCC purchases continue although on not too heavy a scale, but this likewise is a sustaining influence. However, in the period from Monday, August 20th through the 27th, CCC bought 14.2 million bu wheat, 2.2 million bu barley, and 125,000 bu sorghums, not to speak of some additional quantities of flour that were acquired. The latter amounted to only about 3/4 million bu in wheat equivalent. The heaviest purchases were made through the Chicago office, but in any case it has had some market influence.

Primary receipts of wheat amounted to 2,978,000 bu compared with 2,688,000 bu last week, and 2,328,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 479,000 bu. We believe that there will be a fair increase in the visible on Tuesday, with the spring wheat crop moving; last year it increased 6,671,000 bu.

Trade was fairly moderate. There was some liquidation in September corn, with the cash market lower. This for a time influenced other cereals, but not to any great extent. Even December corn closed only fractionally lower, despite the big crop ahead. Some people feel that the new crop deliveries are selling at too big discounts under the likely loan. Wheat was moderately firm, no special feature, but on the other hand, no pressure.

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CHICAGO, 4 September 7, 1948

There was some scattered moisture over the holiday--not a great deal at any one point, but at least some relief where the rains occurred. It is generally felt that despite the heat wave we have had, not too much damage to crops was sustained, and total production this year will still set a new record. On top of this the Department of Agriculture has reported recently that European crop outlook continues favorable. The Office of Foreign Agricultural Relations reported that bread grain production this year in the Northern Hemisphere will be close to the pre-war level, and about 10% above last year. The wheat crop is expected to be above prewar level due to the phenomenal crop in the United States. As a partial offset, the Northern Hemisphere rye production will be about 10% below the prewar figure. Allocations have now been announced not only for October but for the balance of the calendar year, and according to the present plan total shipments of grain will amount to about 145 million bu, including 107.5 million bu wheat and flour. We believe that this does not take into account some corn that will be cleared, and those figures will probably be announced later after the size of the crop has finally been determined. In any case it should bring wheat and flour shipments for the first six months of the season up to 250 million bu, which if continued would mean total exports about as large as last year and would establish another record high. On the other hand the wheat clearances for the second quarter of the season have tapered off somewhat from the first three months' shipments; therefore, nobody can tell definitely how large the program may be, particularly since the trade is going to be returned to private hands after December 1st.

The Department announced that CCC will supply wheat only for the occupied zones of Germany, as well as for Austria, Greece, Trieste, and China but that all other ECA-participating countries, including Belgium, Denmark, France, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, and the United Kingdom, and so-called "cash paying" countries such as India, Egypt, Saudi Arabia, all Western Hemisphere countries, and the Philippines will be supplied direct by private suppliers in the United States. Exceptions will be made only under special or emergency circumstances, and then only at the urgent request of the importing country. When this new method of doing business is put into effect, it will still be done under a system of allocation, and those countries permitted to do the buying will file applications with ECA for issuance of procurement authorizations. To the extent that we are able to ship the particular grain that is wanted, such procurement authorizations will be issued under approved programs in the form requested by the buying countries. There was a rather lengthy document issued in Washington on September 1st giving rules and regulations that will apply. It also explains in some detail how each of the foreign countries will make purchases. This booklet is entitled, AMERICAN BUSINESS AND EUROPEAN RECOVERY.

When the visible supply of wheat was posted, there was an increase of 4 1/2 million bu but Chicago stocks showed a decrease and have been reduced to 9 1/2 million bu. Undoubtedly some of the wheat sold to CCC is being moved out. There was a small decrease in corn, but of necessity, it had to be small because total stocks amount to only 747,000 bu at all reporting points and this is nearly 6 millionn bu smaller than last year. The oat visible increased 577,000 bu with total stocks 17.5 million or about the same as last year.

Rather early in the session it became apparent that cash corn was bringing big prices and, as a matter of fact, #1 Yellow Corn sold in the spot market at $1.97 1/2 per bu. This caused some nervousness on part of shorts and as a result September corn was quite strong and finally gained further on the new crop months. However, even December and May corn closed at good gains. The strength in the Yellow cereal brought some buying into wheat and although prices were lower at the start reactions occurred with little pressure being displayed although we find that there is still very little new flour business but with the issuance of quotas active demand is expected to develop shortly with Holland, Italy and other European claimants. Oats were weak early but also recovered.

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CHICAGO, 4 September 8, 1948

The Department of Agriculture points out that under the impact of prospects for the greatest production in history, prices of farm crops continued downward in the last month, calling attention that the average for all crops was off 7% from mid-July to mid-August, bringing the level 17% below January and 7% below August 1947. They also say that while prices of new-crop wheat were generally still below the loan rates in late August, they had recovered from the low point reached earlier but that exports, while currently at a record rate, are not expected to reach last year's total. Citizens in European countries in the ERP will have a bigger bread-grain ration this year, and we presume this is due to the higher production on the Continent. Earlier estimates of their imports plus their production indicate that they may have about as much wheat per person as prewar. However, these figures do not allow for rebuilding of reserves, which have been running at very low levels; nor do they take into account the need for food grains as substitutes for other foods still in short supply, the main deficiency, of course, being in meat, which is extremely scarce. From all reports we get from those traveling in foreign lands, the amount of meat that is served at our tables each meal is very often as much as the British are able to obtain in a whole week.

There was not a great deal of news overnight, although quite a few showers were reported over wide areas, and these are generally beneficial in fall, particularly since it has been dry and the land is getting in better shape now for fall work. Trade, however, paid more attention to the great strength in the cash corn market, and this continued to be the case today, not only for immediate cars available, but also, for ten and twelve-day shipment, where apparently processors were extremely anxious to get their supplies. This had its influence again on the nearby delivery, with apparently some back-spreading, which widened the difference between September corn and the new-crop months during the early dealings. The people in Minneapolis believe that there is apt to be a mill workers' strike unless a federal conciliator is able to compose differences. Meetings are to take place later in the day, but this did not have much of a market influence. We believe the reason is that a good many people in the Northwest are confident that there is not going to be a tremendous movement of wheat but that rather large quantities will go into storage.

Just to give an idea of what the CCC is doing, we mention their purchases for the week ending September 3rd, as follows: Wheat, 5.7 million bu, barley, 739,000 bu, and 200,000 bu rye. This does not take into account flour, which was on a rather small scale. However, of these quantities of wheat, only 242,000 bu was bought through the Minneapolis Regional Office, and we presume that as spring wheat becomes more plentiful CCC activities in the Northwest will enlarge.

Primary receipts of wheat were fairly large and amounted to 3,583,000 bu. This compared with 1,779,000 bu last week and 1,952,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a net increase of 728,000 bu.

We understand from the country that those who are helping administer the AAA program with respect to corn loans are urging farmers to store all they can in order to obtain loans rather than to dump large quantities on the market where they would undoubtedly get a lesser price. Some agents warned that in Illinois alone it would probably take 130 million bu of additional storage space to house the big corn crop which is being raised this season. One of the requirements for proper storage is that there must be floors raised above the ground so that air can circulate below and there must also be a roof to shelter the corn from rain.

Our market today was very active. At one time September corn was more than 4¢ per bushel higher with a considerable amount of short covering. This may also have brought some buying into other pits. However, best prices of the day were not maintained as there seemed to be liquidating sales in order to secure profits. The unwinding of spreads between September corn and December corn caused enough pressure on the new crop delivery to make it rather weak despite the tightness in the nearby positions.

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CHICAGO, 4 September 9, 1948

The government, despite the tremendous crops raised last year, is already looking forward to what we may have one season hence. In their last publication of THE WHEAT SITUATION released today, they tell of the 77.7 million acres of winter and spring wheat for the 1948 crop, and this on the assumption that the seeded area for next year may be about the same. Should it turn out that way we may have a yield of 1,165 million bu; then they add that this plus carryover would again provide a large volume of wheat either for export or for reserves. They call attention to the fact that with continued recovery abroad, it is expected that exports would be substantially below those of 1948-49 and that this would lead to a further increase in stocks. Under such conditions prices again would be depressed below loan levels in the heavy marketing season and would average lower relative to the loan than in 1948-49. However, they do point out that the loan level next year at 90% of parity is likely to be less than at present, which was $2 at the national farm level. The reason for this is that lower prices for feed grains and feedstuffs purchased by farmers might easily reduce the parity index sufficiently to bring the loan level down 5 or 10¢ a bu. Of course, this is all looking very far ahead, and besides we must also take into account that when Congress convenes next January they may take up the question of supports, which have already been cared for, but apparently lower loan levels of any consequence are not likely much before 1950.

It has been pointed out that this might finally lead to economic disorders in this country if we do not take proper cognizance of the problems that face us when we have both large acreages and high prices. The two are a contradiction, although for a time we have no doubt that the price level can be pretty well maintained, and even now with the second largest wheat crop in the history of the country, prices are holding reasonably well. There are, of course, two factors mainly responsible: One, the heavy exports, which may be almost as great as last year; secondly, the fact that undoubtedly large quantities are being impounded under the loan. Nobody can tell just to what extent the recommended goals will be followed by farmers, but the government is now talking only 71.5 million acres to be sown for 1949, which is 3.6 million less than the goal for 1948, and 6.2 million less than the 1948 seeded acreage. For example last year even with some drought conditions early in the season, there was a 3 1/2% increase above the goal, and our acreage was only 4% below the all-time record of 80.8 million acres, which we had in 1937. When we compare it with the ten-year average, 1937-46, acreage, it was 17% higher, indicating that the farmers were extremely well satisfied with prices.

Advice from Minneapolis states that five large flour mills have been closed because of strike. There is some fear that unless an early settlement is effected other workers may be called out; there is even talk of an elevator strike as a possibility in Duluth. Whether this becomes a long-drawn-out affair is not clear at the moment.

Primary receipts of wheat totaled 3,342,000 bu vs 4,295,000 bu a week ago, and 3,010,000 bu on comparable day last year. So far this week Minneapolis and Kansas City stocks show a net increase of 885,000 bu.

The South Dakota Weekly Crop Report states that threshing of wheat is not entirely completed, and that corn in the western two-thirds of the state is showing the effects of the lack of rain, but the general opinion is that rains coming soon would save the crop. Since this report was compiled there has been moisture. Nebraska Weekly Report states that little change in corn was evidenced from a week ago. There is a damaged area south of the Platte River which comprises about 31% of the entire corn acreage. The report points out that this district should make at least 50% if not 60% as much corn as indicated August 1st. The improvement in the balance of the state should offset the decrease of yields in the damaged area. The Oklahoma Weekly Crop Bulletin reports that the planting of winter wheat has started over a large section of northwest Oklahoma; the seedbeds are in very good condition, and planting probably will become general in the next two weeks. The harvesting of corn is nearly at the peak in parts of southern Oklahoma, and is moving up to the northeast counties. Very good to extremely high yields are being reported.

September corn continues to give an erratic account of itself. While the daily turnover is quite heavy the open interest declined slowly, and still stands at approximately 19 million bu.

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CHICAGO, 4 September 10, 1948

After the close of the market today, we shall have the September crop report issued by the government, indicating the yields of corn, oats, and spring wheat. There will be no change in the winter wheat report, which last month was 981.4 million bu, although some people believe that there may be aslight increase from the August figure of 303 million bu spring wheat, because weather in the meantime has been very satisfactory. Great interest, of course, centers in the corn crop, and for a time it had been thought that some deterioration might have taken place owing to the fact that we had a prolonged heat spell, with not much rain, but the country never became muchalarmed over the situation. Corn is apparently a crop that needs so much warm weather that not too much damage was sustained, although some people believe that if we had had more propitious conditions we might have raised this season close to 4 billion bu, even though the acreage was the second smallest in fifty years.

According to the BAE, the exportable wheat supplies in the four principal countries: namely, the United States, Canada, Australia, and Argentina, are tentatively estimated at 850 million bu this season, of which 450 million bu, or more than half, would be from the United States. They also count on the possibility of Russia furnishing 50 million bu, thus making the total for the 1948-49 season about 35 million bu smaller than world shipments of 935 million bu last year. The total output of bread grains in North America is much above average, and in Asia it will be moderately above average, as well as being larger than in 1947. Wheat production in Europe, excluding the USSR, is estimated at 1,450 million bu, which is considerably above the 1,015 million bu produced in 1947. Therefore, it is quite apparent from the previous figures mentioned that if world shipments are almost as heavy as last year, and Europe has about 50% larger crops, there are going to be some reserves built up as time goes on. We must also look at the European rye production, which is estimated at 635 million bu, and which also is sharply higher than the 495 million bu last year, but is still somewhat smaller than prewar when average rye crops were 763 million bu. It is still impossible to say much about Russia, although bread-grain production is supposedly larger than last year but still not below averag

In view of the fact that our corn crop is turning out so well, we presume that the amount of wheatfor feeding will be less this season. Actually the government estimates domestic disappearance at about 750 million bu, which includes 510 million bu for food, 150 million bu for feed, and 90 million bu for seed and alcohol. Apparently the amounts for alcohol are still extremely light. This estimate compares with about 678 million bu domestic consumption before the war,but, of course, is much smaller than in some of the recent years when such tremendous quantities were fed. It shows again that we are getting back to a more normal status, although increased population must be reckoned with.

Primary receipts of wheat today totaled 3,922,000 bu versus 2,978,000 bu last week, and 2,614,000 bu a year ago. So far this week Kansas City and Minneapolis stocks show a net increase of 937,000 bu. When the wheat visible is posted on Monday it will compare with an increase last year of 1,895,000 bu.

Theré was not a great deal of news in the market. The mills report some improvement in flour bookings to bakers, although the volume is rather small. There does not seem to be much export business passing at the moment. The Kansas City office of the CCC reported 1,328,000 bu of wheat purchased as of noon yesterday, and they continue to be the main sustaining factor.

The spot corn market was somewhat easier, and this was also reflected in the futures market during most of the session. The daily turnover in September corn still remains at a high volume, but the open interest is declining slowly. Yesterday there was a decrease of about 600,000 bu, bringing the total open interest in September to slightly over 18 million bu, with 11 business days left to meet requirements in the pit.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 13, 1948

After the close of the market on Friday, the government published its September crop report, and there were no particular surprises, although the corn crop is now estimated at 3,528 million bu, which was about in line with private figures given earlier. It also shows a slight improvement over the August returns, thus indicating that the hot weather did not do any great harm, particularly as recent rains must have relieved dry soil conditions. There are, however, a few comments which we should like to make at this time. First of all, in making comparisons with last year when we raised a failure crop of 2,400 million bu, the situation has changed completely. Likewise the present outlook is not only for the best crop in the history of the country, but it compares with the ten-year average crop, 1937-46, of only 2,813 million bu. So it can be seen at a glance that we are going to have many more bushels to deal with, and for this reason many people in the trade feel that there may not be enough crib space for all the corn on which farmers might want to take a loan. The indicated yield per acre is 41.3 bu. This compares with 31.4, the ten-year average. In other words, we are getting 10 bu more per acre than normally, and yet the parity formula still provides the same relationship for each bushel of corn in exchange for what the farmer purchases without giving any recognition to the fact that he is raising so many more bu per acre. This in our opinion leads to the conclusion that the present parity formula is outmoded, particularly with all the mechanization that we have had on farms--better hybrid seed, together with improved fertilizers, and more intensive cultivation of the soil.

The trade feels rather bearish on the new crop with the record outturn in sight, but on the other hand the last crop was so poor that apparently farm reserves are very small and not enough corn is coming forward to give much relief before we get fresh arrivals. Cash corn today sold over $2 per bu, and this is still so much higher than the September delivery that naturally shorts were scared and there was further covering. Likewise the spread between September and December widened, and it is rather difficult to tell the outcome, as we have only about eight days of trading after today's session.

There is nothing particularly new with respect to wheat. Spring production improved slightly during September to 304 million bu, and the harvest has now passed its peak. When we add nearly a billion-bushel winter wheat crop, which is virtually all harvested, we shall have a total outturn this year of 1,285 million bu, which is the second largest on record, but it remains to be seen how much of the crop will finally be impounded, and nobody can be sure, as the government has not given any figures as in other years. When we total estimated production of all crops, the aggregate obtained is nine index points above the record set in 1946. The total is 135% of the 1923-32 base. Of course, contributing heavily to this outstanding volume is the big corn crop, also heavy production of soybeans, peanuts, pecans, with a near-record production of wheat, oats, flaxseed, rice, sorghum grain, dry beans, and citrus fruits. There are probably other commodities that should be mentioned, such as cotton, potatoes, tobacco, etc., but in any case it just proves the weather has been wonderful, taking the entire country into account.

When the visible supply of wheat was posted, there was an increase of 4 1/2 million bu. Total stocks in the country are now 17 million bu, or, roughly, 35 1/2 million greater than last year. Chicago stocks decreased 581,000 bu, but there is still close to 9 million bu held here. The corn visible decreased slightly, but it is now only 931,000 bu, in all positions--certainly a small amount, and here in Chicago stocks have been reduced to 446,000 bu, which is extremely little considering the big open interest in the September future. There was a slight increase in the total oat visible. Stocks in all positions amount to 17.7 million bu, which is about 1 3/4 million bu less than last year.

Trade today was fairly active, and even September corn, which had been so strong early in the session, finally yielded some ground on profit-taking. There was no particular pressure on wheat but it is generally felt that the European demand would be smaller except for the quantities that are being shipped from this country largely on credit. Confidence has not been restored to a point at which bullish operations are taking place, although this may all change in the spring months if the clearances have been sufficiently large to make inroads on our accumulations. We still believe that in the Northwest impoundings will be heavy, and this is going to have a bearing on the price level, but it is apt to take time to make itself felt.

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CHICAGO, 4 September 14, 1948

For many years now farm prices have been entirely one-sided, with all consideration given to farmers in an effort to see that their purchasing power had been fully maintained. Now, however, the boot is on the other foot, and commodity prices are probably higher on the whole, taking an average time in the peak of 1920. Cost of living is oppressive, and generally speaking, there seems to be an eagerness for relief, but nobody knows exactly how to tackle the problem, particularly since so many of these support programs have been extended for another year. When we look at the list of articles on basis of parity, we find that a good many of them are selling much higher than even the government had intended. For example, on August 15th, the price received by farmers for hogs was $27.10 while parity was only $18.20, so that he was receiving 149%. The same was true of beef cattle, except to a greater degree, with prices $24.40 received by farmers against parity $13.60, or 179%. Calves and lambs were in the same category, selling at 157% and 168%, respectively. However, a good many other articles were already beginning to feel the effect of mounting surpluses, and eggs were selling at 91% of parity, wheat 88%, rye 81%, grain sorghums 68%, barley 74%, and oats 69% of parity.

A good many of these influences and others, political as well as economic, have been discussed in the last special session of Congress, and will undoubtedly come up again for consideration next January. We have little doubt that prices for many commodities would have gone lower except for the big export program that has been undertaken, together with loans, which undoubtedly are going to impound large quantities of grain. The government has already announced that instead of farmers having to wait until December 1st to avail themselves of the corn loan, they may make loans on corn as soon as harvesting operations are over, provided, of course, that quality and other conditions are fully satisfactory.

There was very little news overnight, and our market was influenced by the same factors as heretofore. Cash corn in the early part of the session was somewhat easier. This had an immediate influence on the September delivery, with shorts apparently finding it less difficult to cover commitments. Besides this one large cash house was rather prominent on the selling side of September, but was regarded as also being a heavy buyer of the December delivery, which narrowed the spread. Weather on the whole is satisfactory, and as far ahead as one can see no frosts are indicated, so that the crop is now maturing very nicely. We hear of some corn being harvested in Kansas and a wire from Topeka claimed that new corn was coming in, running 17 to 20% moisture, and beans about 10.5% moisture. Hutchinson wired that new corn around Newton was good and dry and that shelling operations were in progress.

Primary receipts of wheat today amounted to 3,681,000 bu compared with 4,576,000 bu last week and 3,566,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 250,000 bu.

There was nothing very active in the wheat pit. Flour business is still draggy, and even in the Northwest where the movement has been on, mills are experiencing only a modest run of business. In the Southwest it averages about 25 to 30% of capacity. Under these circumstances there is no pronounced movement on the constructive side of the market, and actually there seems to be pressure from time to time on May wheat, which is selling at big discounts under the other months. There was fair buying of December corn by one commission house and offerings were rather light. This, as we stated earlier, narrowed the spread between December and the nearby delivery, and some people are of the opinion that if the market remains about 20¢ below the probable loan, farmers will not be too desirous of selling after harvest. On the other hand, it may be largely a matter of storage and the crop is so big that nobody can be sure.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 15, 1948

As we had thought improvement in weather did not stop at the international border, and the Canadian crop has also been increased, according to the second estimate given by the Dominion Bureau of Statistics. So a yield of 391 million bu is forecast, including fall wheat amounting to 28 million bu. This is about 19 million bu more than had previously been expected and compares with a crop of 340 million bu last year when results were rather poor. Taking into account the August 1st carryover of nearly 76 million bu, it means that Canadian supplies at the start of the season are about 467 million bu. This should give them a chance to export fairly large quantities owing to the fact that home consumption has gradually been cut down from the prewaryears when feeding was also quite a factor there. It is rather difficult to tell what their domestic requirements may amount to except that 50 million bu is now being considered proper for food, including flour, cereals, etc., 32 million bu is needed for seed, while feeding operations may be cut to 50 or 55 million bu, with some minor quantities needed for alcohol. In any case, we can hardly imagine that total domestic consumption in Canada will exceed 150 million bu, and on that basis it would leave about 317 million bu for export or next carryover. According to Broomhall, the sixteen principal European countries, excluding Russia, may require about 527 million bu wheat and flour to be imported during the present season, after making allowance for 10% increase in consumption. This is calculated on basis of a crop production as estimated, and the deficit is figured on the previous season's consumption. Therefore, without taking recognition of what will be required in other parts of the world, it can easily be seen that North America, including the 450 million bu we shall probably ship, will be able to take care of European import needs, although it is still figured that about 850 million bu will probably be the total world shipments. Consequently, some quantities will naturally have to be taken from Argentina and Australia, with smaller quantities that may be furnished by the Soviets.

We hear of some controversy in Washington that ECA is anxious to announce export quotas for corn, but apparently the Department of Agriculture wants to wait until it can be better determined whether the corn crop will move early. However, it is quite likely that some emergency allocations may be granted from time to time, and in any case, we assume that with the very big crop in prospect, we shall undoubtedly export fairly large amounts when new supplies are available.

When our market opened this morning there was very little to influence it. Weather over the belt had been quite satisfactory, and it looks as though mild temperatures and fair weather would continue for the next two or three days with the exception of a few showers Northwest. Since this is already middle of September and no frosts are indicated as far ahead as one can see, corn prospects remain good, but there seems to be a little better sentiment for the reason that many people feel that new-crop futures are selling 15 to 20¢ under the probable loan, and that this may discount even the enormous supplies with which we shall deal. Cash corn remains relatively tight, although we heard of loaded cars selling at $1.90 per bu and spot at $1.95. Selling in September narrowed the spread and we expect that the open interest will continue to show big decreases as it is not likely that deliveries are going to be heavy. There were two cars of new corn received from Indianapolis today but were applied against contracts.

Primary receipts of wheat totaled 1,579,000 bu compared with 3,583,000 bu last week and 2,101,000 bu the comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a total increase of 433,000 bu.

The Iowa Weekly Crop Bulletin issued today points out that most of the crop is further advanced in all sections of the State and made at least normal progress during the week. As of September 11th, the report indicates that 87% of the corn was dented with 53% of it fully matured and safe from frost and an estimate that 95% of the crop will be free from frost damage by the normal first frost date, which is early in October.

The Kansas Weekly Crop Report is also optimistic stating that moisture had benefited late maturing crops and seed-bed preparations. Husking of some early corn has started in the southeastern part of the State.

A fair quantity of wheat was sold to the CCC for shipment to the eastern seaboard, which entailed some lifting of hedges in this market.

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CHICAGO, 4 September 16, 1948

Farm income is keeping up extremely well, and while somewhat lower prices are quoted here or there, crops generally have been so large that it seems to make very little difference in the final result. We find that from marketings alone farmers received nearly $18 billion during the first eight months of 1948, which is actually 4% more than in the same period last year. The bulk of this came from livestock and livestock products, amounting to $11.2 billion, which was up 10% from last year, but crop receipts total $6.7 billion, showing a decline of about 4%. During the entire period of 1947, cash receipts from farm marketings amounted to slightly over $30 billion, and we presume that for the twelve months of this year, the showing will be virtually as good. There is a great deal of discussion in Washington as to what will finally be done with the parity formula, and with the loan program generally. The Agricultural Act of 1948, which is now in force, continues the previous schemes that have been operating with some relatively minor modifications, but on the whole the basic and Steagall commodities are still being held at 90% of parity until December 31, 1949, with some exceptions as to this date. The Act gives the Secretary of Agriculture authority to require compliance with production goals and marketing regulations and restrictions as a condition of eligibility for these price supports. During the last few years there have been no demands made upon farmers because the government was anxious to have maximum production since we were shipping such vast quantities to Europe. However, there is some talk that gradually acreage goals may be reduced, and probably when that time comes producers will feel that they are being regimented. Authority to make payments to producers for soil conservation practices is continued by the Act until December 31, 1950, and thus additional income is received from that source.

Before the opening of our market this morning, there was not much news to guide it. Weather continues mild, with skies clear and temperatures reaching 90 degrees are forecast for the corn belt for today and tomorrow. This means that corn is maturing rapidly, and there is no indication of any cold weather or frost as far ahead as one can see. Within another week quite a considerable portion of the corn will be out of danger of frost, and on the theory that new supplies will be available before long, there seemed to be further selling of September corn today, although in the early session cash corn declined grudgingly and was not particularly weak. We believe that this situation is due to the fact that no one farmer seems to have excessive supplies, and while in the aggregate quite a little corn is left in the country, individual quantities are not sufficient to cause much disturbance. It is very much like a man who owns an old automobile and realizes that he can get a big price but yet he hates to part with the car as long as he thinks that he may have further use for it. At the moment producers are so prosperous that they feel even if they hold on to their corn supplies longer than they should, this corn will finally be fed on a fairly profitable basis. The Chicago corn-hog ratio this week is 13.8; last week it was 14.3 and a year ago only 10.2.

Primary receipts of wheat were not burdensome, and amounted to 3,415,000 bu, which compared with 3,342,000 bu last week, and 2,750,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 565,000 bu.

As the session wore on cash corn, both here and in the Southwest, became weaker, and #2 yellow corn at Kansas City sold at $1.76per bu-- a 10¢ decline, and we heard of a sale in this market at $1.86 1/4 compared with the price of $2 last week. This brought about some narrowing of the spread between September and December, but we note that there is still 13.7 million bu open, with only five trading days after today for liquidation or actual delivery.

There were times when it was rather quiet in the wheat pit. However, a fairly good undertone was noted, although when corn weakened some sympathetic selling may have come into the other pits.

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CHICAGO, 4 Sept. 17, 1948.

There was no special grain news overnight. Little more talk is developing that some rains would be welcome in the Southwest in order to get the next winter wheat crop off to a good start, and in places the ground is difficult to break, although complaints are by no means general. For the time being dry weather in Texas seems to be best for maturing the milo crop, and we understand in the Texas Panhandle cutting has been under way. Before long receipts at markets should improve considerably. The main interest still centers in September corn, with the open interest quite large, and as yet the country has not sold any appreciable quantities, but as we reported yesterday when supplies are so scattered, chances are no one farmer has any very large stock. Nevertheless, cash markets sometimes have a way of breaking rapidly when there are wide variations in the price of old and new crop, and for the past two or three days there has been great activity in the soybean market as harvesting operations started in Missouri, southern Illinois, and southern Indiana. Values in two days had dropped more than $1 per bu, and we were told that last Tuesday a processor bought a small quantity of soybeans in Illinois, paying as much as $3.90 a bu, but since that time buyers had withdrawn from the market and offers failed to attract purchasers until prices had broken sharply. Yesterday traders in cash beans here reported that the best bids in the market for certain positions were about $2.35 track country stations, although somewhat higher prices have ruled since that time. There can be little doubt that the same readjustments will gradually take place in corn. Last week the cash market was $2 or better for arrivals here, and since then even with small shipments from the country, buyers have been reluctant to pay anywhere near that price. In fact, today about the best bid for corn shipped this week was 12¢ over Chicago December although arrivals here sold between $1.83 and $1.85 per bushel.

Flour business is still comparatively inactive. Current bookings are at a rate of 50% of capacityor a little better although PMA is expected to buy some white flour early next week for October shipment from the gulf. Also, under the quotas there may be other business but generally it remains rather dull. CCC continues in the market and through their Southwest office yesterday purchased nearly a million bu, which, of course, is a sustaining factor. We believe that they are also taking rather large quantities in the Chicago area, which has meant removal of hedges in fact, a fair amount of May wheat was covered and probably was against such business.

Primary receipts of wheat amounted to 3,639,000 bu compared with 3,922,000 bu last week and 2,409,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase or 641,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of 894,000 bu.

September oats have been a little bit tight until today, probably for the reason that one of the industries has been taking delivery on September contract, but either through a swap or for other reasons, it is thought that some of the oats will come back on the market again. This caused some weakness in the nearby delivery, although it failed to affect in any way the more deferred futures. As a matter of fact, there was a very good undertone to all markets. As we have maintained for some time, traders are of the opinion that even though these are bumper crops which have been raised that the farmer may not be in too much of a hurry to sell. Even in corn, where the December future is selling 15 to 20¢ under the probable loan, some feel that possibly this discounts the situation, although nobody can tell just how much corn will be rushed to market after harvest.

In any case, there is no special pressure on the wheat market. If government activities continue, this, plus impoundings, is very likely to make itself felt before the end of the season. We may not have such strength until the spring of the year, but even this is problematical until one can know with more assurance how much wheat will be placed under the loan. The government has not furnished any figures yet; therefore, it requires more guesswork. In any case, the line of least resistance today was on the constructive side of the market, and higher closing prices were reported in practically all positions.

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CHICAGO, 4 September 20, 1948

The Department of Agriculture reports good crop yields in Europe, despite certain difficulties that have been encountered. Frequent rains in most European countries during August were not too favorable, except for late crops and pastures, but it seems that most countries enjoyed sufficient spells of warm, dry weather for harvesting, and earlier forecasts of production have been realized. Bread grains in European countries west of the Soviet Union are estimated to be about 37% above last year and 88% over the pre-war average. Increase in coarse grains has been less than in bread grains, because of the fact that more acreage was put into rye and wheat, but yet the harvest will be substantially larger than a year ago. Almost of equal importance is potato production, which is expected to be at least up to pre-war average, and prospects for the sugar-beet crop are likewise very good. Frequent rains have improved pastures, so that dairy production in several countries abroad is now above a year ago. While hay supplies are below average in quality they seem to be abundant, and will be ample to provide winter fodder for the available livestock. The Department of Agriculture further tells us that import requirements for wheat and other grains in Asia continue large, not only for normal needs, but also to supplement the continued shortage of rice. As a result world wheat exports for the season will approximate the 930 million bu shipped last year. Of this total, the United States, Canada, Australia, and Argentina will supply at least 850 million bu, which is a figure that we have seen quite often in recent weeks.

There was little to guide our markets, although some rains had fallen in northern sections of the corn belt, and showers were also reported in northeastern Kansas, but it still remains somewhat dry in the Southwest, and moisture would be more than welcome now for breaking of the land and preparing the winter seed-bed. The crop got off to a poor start last year, although later conditions brought about great recovery. In view of the big corn crop that will soon be harvested, Washington has urged the nation's farmers to produce the largest peacetime spring pig crop on record in order to increase supplies of meat. The 1949 spring pig goal calls for 60 million pigs, which if accomplished would mean an increase of 17%, or nearly 9 million more than the 1948 spring crop. The goal aims to help provide for consumption of all meats averaging 150 lbs per person in late 1949 and 1950, when the spring pigs will be ready for marketing. This, of course, would exceed the average consumption of 145 lbs expected this year and would be far above pre-war average consumption, which was only 126 lbs. Spring pig crop as requested for 1949 would be the third largest of record, and the largest since the war years of 1942 and 1943, when a record total of 61 million and 74 million spring pigs were produced.

When the visible supply of wheat was posted there was an increase of 1,330,000 bu; total stocks in all positions are 174.3 million bu, which is about 36 million bu more than a year ago. There was another fairly good decrease in Chicago stocks; after allowing for what has gone out the past week, there is still 8 1/2 million bu wheat here. There was a small increase in the total oat visible, offset by almost an equal decrease in corn. However, total stocks of corn in the country are only 791,000 bu in all positions compared with over 6 million bu last year.

Trade today was more moderate and there was no special feature. At times September corn was rather strong, but weakness in the cash market both here and at Kansas City brought in some profit taking; the open interest is still very big. After today there are only two trading sessions before the nearby future expires. We do not know how much the interest was reduced today, but at the close Saturday there was still 12 million bu in open contracts. Therefore, we look for continued erratic action until this future expires. There was quite a little cash corn received in this market today, some also coming in by barge, but even with the fine weather we have had it will be another two or three weeks before new corn moves in greater volume.

There are some deliveries being made on oat contracts right along, but we also hear that some export business is taking place, and it seems rather difficult to build up supplies in this market.

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CHICAGO, 4 September 21, 1948.

Weather over the Central States turned damp and somewhat cooler. Numerous rains were reported over the corn belt, which, of course, will slow up the movement, and this refers not only to corn, but to soybeans as well. The forecast is for an unsettled condition, which may mean more showers here and there; therefore, corn, which had been maturing so fast, may be retarded, and this in itself is not terribly important except with respect to the September delivery, in which trade terminates after the close of business tomorrow, and thereafter any settlements will have to be taken care of by actual tenders. As for wheat moisture would be favorable right now, but there are still areas in the Southwest where rains have not fallen and where we may have some complaints a little later unless relief comes within the next few weeks. Trade, however, isnot quite as nervous as it used to be in this regard because we have had two examples in recent years where the theory has been exploded: namely, that fall moisture is essential if we are to get good wheat crops the following summer. It does mean, however, that unless the plant germinates properly after the wheat is put into the ground, more propitious weather is required later on, and to that extent it is always heartening to have good weather shortly after seeding time, or even before, in order to get plowing and fall work accomplished properly.

Now that it is an established fact that the export trade will be partially returned to private hands after 1st of December, further conferences are taking place in Washington to discuss whether or not any of the present curbs should be continued. The Office of International Trade has called milling, grain, and feed industries together for a meeting on September 28th, to discuss changes in licensing policy to see whether it is still necessary to have allocations after CCC relinquishes its rights to handling the business, which has been under its control now for several years. One of the developments in this connection is that a freer policy may be undertaken by the Canadian Wheat Board now that the crop in that country has turned out better than was earlier anticipated. Also, there seems to be some apprehension in the Argentine that they may have to push sales more aggressively since the $5 price for wheat, which was obtained for over a year, is practically a thing of the past. About the only reason that they were able to hold up prices in that country was because of allocations here, which prevented many of the European countries from buying all the wheat they wanted in the United States. Thus, foreign buyers were coerced into paying much higher prices than they ordinarily would owing to the fact that world requirements were large, but we believe that this situation has now been altered, particularly since the wheat crop in Europe is about 50% larger than last year.

During all these periods of uncertainty, when it was impossible to produce a total supply that would precisely fill total demand, futures contracts performed a great economic service. While the speculator has often been maligned, it was his participation which had the effect of guaranteeing to both the producer and the consumer, or the buyer or seller, as the case may be, current price values for the commodity dealt in for delivery and acceptance at later dates. The grain merchant and processor was able in this manner to maintain an even balance between purchases and sales, thus avoiding price-change risks. It is the existence of these conditions in our marketing system which guarantees the producer a constant market and the consumer a constant supply at prices determined by the expression of public judgment.

Primary receipts of wheat amounted to 3,639,000 bu compared with 3,681,000 bu last week, and 3,319,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 280,000 bu.

There was not much feature to the markets in general, with the exception of September corn, which ruled very strong, and shorts apparently had difficulty covering commitments. Cash corn, while firm, narrowed somewhat on the September delivery, and it looks as though the two were finally coming closer together, with only one more trading sessinn after today. This will probably give us considerable excitement tomorrow, as the open interest is still very big. It would, therefore, be difficult to forecast the outcome.

December corn was not too strong, despite the great strength in the nearby future, probably for the reason that a good many of the transactions were in the nature of spreads, with the December corn sold as the September was covered.

Wheat was weaker, but there was no important news, although CCC purchases continue to be a factor everyday, and we feel that this together with impoundings is bound to make itself felt in the course of time.

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CHICAGO, 4 Sept. 22, 1948.

There was no special grain news overnight. A few showers had been reported over the corn belt but clearing weather has set in, and it looks as though we would have warmer temperatures generally with little moisture. PMA has announced that they would be in the market for some flour and was asking for offerings at the Gulf, shipment to be made before November 6th, but acceptances to be submitted by Thursday morning. It is thought likely that possibly 2 million bu in wheat equivalent might be involved, and this is hardly enough to be much of a market factor, although continued government support by way of purchases is bound to finally make itself felt. We note that during the past week CCC wheat purchases amounted to 11.3 million bu, also 1.4 million bu oats, and 340,000 bu barley. There apparently has been some delay in giving out the quantities impounded under the loan. We were given to understand last week that data would be submitted by now, but apparently the Department has not received its full reports from the growing areas.

Broomhall has given some rather interesting figures on the world wheat crop, which he estimates at 6,250 million bu compared with 5,820 million last year, and 6,010 million, the five-year average prewar. The rye crop is estimated at 1,605 million bu against 1,491 million last year, also an increase that compared with 1,730 million bu the prewar average. In any case the combined bread-grain crops are 544 million bu larger than last year, and thus there seems greater assurance that the importing countries will have less difficulty getting their supplies although our government still figures on world import requirements of 850 million bu outside of Russia, of which we ourselves shall probably ship a little more than half, with the figure of 450 million bu having been mentioned on frequent occasions. It is rather encouraging that in addition to the marked total increase in bread-grain crops over a year ago, distribution should also have been more favorable. This, of course, is due to the fact that crops in Europe are substantially larger than in 1947, although still well below prewar levels. While critical shortages in Europe and Asia have been partly overcome, the continuing high requirements for Europe reflect the need for increased bread rations for many countries. According to the Department of Agriculture in many countries rations may be discontinued. However, the substantial imports are needed in part to improve the quality of the bread, and likewise to provide for building up seriously depleted stocks. We hear mostly of the shipments to Europe, but import requirements into Asia also continue large, not only to meet normal bread-grain needs, but also, to supplement a continued shortage of rice in the deficit areas. Export supplies from South American countries will later on depend onthe new-crop harvests through November-December of this year, and from reports we have had thus far prospects in the Argentine are none too favorable. As an offset to this production in Russia and in the Balkan countries is larger than last year, and therefore, bigger exports might be expected from those areas.

Primary receipts of wheat were lighter today and amounted to 1,447,000 bu compared with 1,579,000 bu last week, and 1,742,000 bu last year. KansasCity and Minneapolis stocks so far this week show a net increase of 377,000 bu.

Trade in wheat was not especially large but at times markets were firm, probably in sympathy with early strength in September corn. Milling demand shows no appreciable pick-up, and other than PMA business other export interest is practically at a halt, with none of the foreign claimants yet showing much interest. There may be a slight increase in domestic sales, although on the whole flour business is still very slow, but with stocks running down this may pick up before long. At present, however, flour buyers are showing no desire for taking on any new contracts. Main activity today was in September corn with extremely high prices being registered early but profit-taking caused a very sharp reaction, and the spread between September and December corn finally was about 31 1/2¢. From now on much will depend on the farmer's desire to adjust himself to the new relationship with the big crop in prospect. Some people still believe that with the new-crop months so far under the loan, a great holding tendency may be exhibited.

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CHICAGO, 4 September 23, 1948

Following yesterday's very busy session, trade today was comparatively quiet. We can hardly remember a time when on the last trading day an open interest was as large as that with which we had to contend in September corn. At the beginning of yesterday's session there was still 7 3/4 million bu open interest, and while a little new corn was being received at various markets, the entire visible supply of the country last Monday was less than a million bu, indicating the close adjustment between supply and demand. It is, however, another great victory for thosewho still believe in the supply and demand system. During the war when we had many corn crops over the 3 billion-bu mark, supplies were dissipated because the price was held down artifically through OPA ceilings. Still a crop of 2,400 million bu a year ago seemed sufficient with certain economies brought about by high prices to take care of our present large population. The same occurred in other years when we had failure crops, as for example, in 1934, when the corn yield was only 1,377 million bu, and again in 1936 another drought year, when we raised about 1 1/2 billion bu, illustrating what a very important factor price actually is in determining consumptive requirements. Nobody could have foretold in advance how September corn would finally wind up, and for this reason both longs and shorts seem determined to wait until the very last moment, but apparently some of the leading longs liquidated their holdings during the last hour or two of trade, although we find that the cash corn market today is still ruling strong. It may take time before the final readjustment between old and new crop prices will take place. Weather at the present time is quite satisfactory. It is mostly clear over the corn belt, although a few scattered showers are indicated for Iowa. In the Northwest some moisture is likely, and the same is true of Kansas and Nebraska, which, of course, would be highly desirable for getting the land in shape for winter wheat.

When our market opened prices were firm in all pits, and even in December corn there seemed to be some resting orders to buy probably on the theory that farmers will do everything within their power to hold as much corn as they can as long as the price is below probable loan levels. According to reports that we have heard about 95% of the corn in Iowa is expected to mature without frost damage. Unquestionably some corn is going to move to market, with the largest crop in history soon to be harvested. A good number of farmers may build special crib space to accommodate the extra quantities grown, but obviously it is impossible to always have enough space to take care of these unusually big crops. Therefore, nobody can tell yet what pressure may develop a little later on. On the other side of the picture it remains to be seen how much corn will be exported during the early months, but generally speaking shipments of this kind are taken out of visible supply figures, and, consequently, have more influence on the market than would a commodity like wheat where such a large quantity always comes forward from farms. Should we finally ship 150 million to 200 million bu corn, we would have to compare this quantity with the primary movement rather than with the actual size of the crop. So the short side may not be too attractive except possibly during the period of first movement.

Primary receipts of wheat today totaled 3,419,000 bu, or practically the same as last week, and compares with 2,901,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 474,000 bu.

Toward mid-session corn futures started to sag, although this was in no way a reflection of an easier cash situation, because the few cars offered still obtained high prices. However, it was felt that gradually there would be more pressure, and there were a few trades in the October delivery only slightly higher than for the December, indicating that later arrivals would meet with poorer demand. When corn became weak, wheat futures also sympathized fractionally, but there was not much pressure, and possibly some hedges were removed today against PMA flour sales. This Gulf business was nearly twice as large as the time before, when nearly one million cwts were booked. Other export business in flour is about at a standstill, and domestic sales are equal to hardly 25% of capacity. There seems to be little issue right now; consequently, we expect that more quiet markets are in prospect.

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CHICAGO, 4 September 24, 1948

Late yesterday, the U. S. Department of Agriculture reported that CCC had authorized loans to farmers on 94.8 million bu wheat, oats, barley, grain sorghums, and rye from the beginning of the crop year to end of August. In addition farmers had signed purchase agreements for a total of 8.6 million bu. Under these purchase agreements CCC is obligated to accept delivery at applicable loan rates of whatever quantities the producers may offer up to the totals stated in the purchase agreements. The trade, of course, is interested mainly in wheat, and for the first two months 89.5 million bu was impounded, while purchase agreements amounted to 8.1 million bu.

This was construed in a somewhat bearish vein, particularly as we had raised the second largest crop in the history of the country. However, we believe that the general pattern of past years is being followed, and, for example, in 1942, when the largest amount of wheat was placed under the loan: namely, 408 million bu, it started off slowly, as at present, and we find that on September 1st only 92 million bu had become impounded but five weeks later the total had risen to 197 million bu. During the previous year 116 million bu had been impounded at end of August, but on October 4th it had risen to 241 million bu. It should be noted, however, that in those years there were no purchase agreements, and possibly the attitude of producers is somewhat different now, although with spring wheat moving it is our opinion that a very large quantity will finally go into the loan this season. We are also mindful of the fact that farm-loan wheat must be stored at least thirty days prior to inspection, sampling, sealing, etc., before the farmer can get his money. Consequently it takes some time before the operation is workable, plus the fact that there is always a lag in government figures being compiled.

When our market opened this morning, prices were somewhat lower, and there had been reports from Washington to the effect that the Food Branch of ECA was going to switch some of its exports from wheat and flour to feed grains owing to the fine European harvest. The rapidly maturing corn crop may make it possible to ship fair quantities as early as November, and very likely the German Bi-zone territory will be the recipient of these first shipments. In confirming the shift, Dr. Fitzgerald said that only 55 to 60% of ECA allocations for food and farm products will be spent on food alone against an original allocation of 66 2/3%. Apparently it is the hope that the increase in feed grains now being made available will be used to increase operations abroad for livestock feeding. The same authority also stated that Europe's food consumption level may reach 95% of the prewar figure this winter, which is quite a different situation from any time since the end of the war. Undoubtedly, their feed shipments this season are not so much for relief but rehabilitation exports vital to carrying out the Marshall Plan aid.

Primary receipts of wheat amounted to 2,698,000 bu compared with 3,639,000 bu last week and 2,984,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 565,000 bu. When we get the visible supply on Monday, it will compare with an increase a year ago of 603,000 bu.

Markets today were very dull; at the start wheat was influenced by the figure of impoundings which we mentioned earlier, also by some rains whichwere reported in parts of the Southwest, principally in Kansas. Some sections had pretty good relief, which, of course, is very beneficial for fall work. Seeding is now estimated to be virtually finished in western Kansas, and is well along in the more eastern sections of the State-- probably the acreage will be much the same as last year. More moisture would still be very welcome,as there are a number of dry areas in the four important wheat-producing States, and surface moisture is needed to assure prompt germination.

Corn prices early were rather weak, not due to any particular pressure but probably lack of interest. Later on, however, small buying orders rallied the market, and the close was not much changed from the previous session.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 27, 1948

The foreign news was anything but encouraging this morning, and apparently the Berlin conferences have broken up without having accomplished their purpose. While the danger of an early war is already a possibility, particularly with Russia steering a course which shows her willingness to risk this danger, most people feel that we are probably no worse off than we were before, and some of our friends returning from Switzerland tell us that there is much less excitement in Europe with respect to hostilities than on this side of the water.

Nevertheless, the stock market, which was open before we, registered lower prices for securities, but this had little influence here, particularly after the sharp breaks which we had on Saturday. It was felt that while farmers are anxious to store as much corn as possible, the crop is so tremendous that there must be large quantities that will come forward after harvest. Up to now pressure has not come, in our opinion, from hedging sources, but on the other hand there seems to be very little buying by investors for the reason that there is no general confidence. This may change later if we find that a fairly large corn export business may be put through during November and December, but on the other hand weather is perfect now for maturing the crop. There have been no frosts yet, and it looks as though in many districts cold weather, if it comes, will not do much damage.

Furthermore, the Department of Agriculture points out that even though world exports of grain and grain products have been large for the last year or two, supplies are still in a very healthy condition. Approximately 90% of last year's exports was supplied by just four countries: namely, the United States, Canada, Argentina and Australia. The United States alone accounted for 43.6% of all the grain sent through export channels during the year. Before the war this country on an average supplied only 7.4% of the total. Based on present prospects, supplies of grain available in the surplus producing countries in the current season will exceed last year's total shipments of 34.6 million long tons by at least 10%. The Department points out that all of the increase is expected to be provided by larger supplies of coarse grains, as bread-grain total may even be slightly less than last year. Again the United States is likely to provide nearly half the total world trade but increased production in Canada this year will result in larger supplies being available in that country than was the case last season. Probably a good many people wonder, in view of the marked recovery in the deficit areas, why this business should continue at such high speed, but contributing to the requirements for export may be classed, increased populations, extremely low carryover of grain in many countries, the necessity for a larger consumption following the unusually low levels prevailing last year, also lowering of flour extraction rates, and using smaller quantities of coarse grains in the bread-mix, which will probably require larger quantities of wheat for flour, while at the same time more animal feeding will result in increased exports of coarse grains. There seems to be every desire to bring livestock numbers up from the extremely low point of recent years.

When the visible supply of wheat was posted there was a decrease of 811,000 bu, which was the first decrease really in many weeks. Total stocks in all positions are 173 1/2 million bu compared with 139 million bu last year. There was an increase in the corn visible 264,000 bu. Total stocks are slightly over the million bu mark but this is still small compared with 6.7 million bu last year. Oats showed a decrease of nearly 1/2 million bu and there is 17.3 million bu in various positions compared with 23 million bu last year. Chicago wheat stocks decreased 414,000 bu leaving slightly more than 8 million bu here.

Trade was not particularly heavy but it seems that there is still weakness in corn probably for the reason that the crop is so big that a good many people believe that there will be quite a little pressure from hedges after harvest. All corn futures made new lows. Wheat, on the other hand, was inclined to do better, particularly the May and July deliveries and there was a little investment buying but nothing very spirited. The CCC keeps taking wheat right along and Chicago is practically in line now for export, which, in our opinion, is going to make itself felt before the season is over. However, it does take time to eat into our reserves but at least the short side of the market to us appears to be unattractive.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 28, 1948

While there has been no general confidence in our industrial capacity to maintain its present pace, there are certainly no signs of a sharp reaction at this time. New high records for the national income have just been announced by the Department of Commerce at an annual rate of $221 billion. This despite some decline in farm prices, although corporate profits seem to be keeping up and in some cases are making striking gains. The 1948 cash farm income may set a record this year due to an increase in marketings of about 4% above last year on basis of the first eight months of 1948. We have seen record high prices for livestock and record crop production. At this time it appears that the year's total may approach $32 billion, which would be somewhat better than for 1947.

Yet there are signs of uneasiness, possibly due to European affairs, but the stock market both in London and New York seemed to be a little less apprehensive of events this morning, with some higher quotations registered all around, and possibly this was the cue for a better sentiment in grains. Actually the mills reported some improvement in flour business, and sales in the Southwest were said to be on a slightly better basis. It is also figured that allocations for corn exports will be made tomorrow, and maybe this was the reason for some of the houses anticipating business, because some futures were covered in the pit, and this immediately gave us improved markets.

After the close tomorrow we shall have new parity prices, and not much change is anticipated, but in any case the corn loans will be based on 90% of this new parity, which indicates that the farm loans may average about $1.45 per bu. Last night December corn closed $1.36, which is certainly not very inviting to a farmer to market his grain, although as we have mentioned on past occasions, the crop is so big that it will not be possible to hold all of the corn back on the farms for storage. However, trade was not particularly heavy, and short-covering, with some new investment buying, gave us a very sharp rally. There was also some buying in oats, and CCC through their Chicago office have advanced the bids 1/2¢ per bu and will now pay equal to 5¢ over FOB cars for 38-lb #2 white oats, and will take down to 36-lb oats at 1/2¢ less for each pound decrease in the test weight. Thus there was activity in that pit as well, with a considerable quantity of December oats covered, and there was talk to the effect that two cargoes might have been sold for export. In wheat one of the large mills was a good buyer of the nearby future, and there was other scattered buying, so that all in all there seemed to be quite a changed sentiment from yesterday, although wheat has had a fairly good undertone of late even when the corn market seemed to be under pressure. Furthermore, there seems to be some investment buying in May and July wheat on the theory that these futures are selling at such big discounts that they offer opportunity if a person is willing to exercise some patience. Nobody can be too sure of the new-crop wheat futures this early, but unless there is a decided decline in parity between now and next June, and with every assurance that the government is going through with its support program, we find the short side very unattractive. Very likely others must reason the same, and possibly this has occasioned some buying at a time when there was a short interest that became easily disturbed.

Primary receipts of wheat were a little smaller and amounted to 2,717,000 bu compared with 3,639,000 bu last week and 3,366,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 575,000 bu.

Flour business in the last day or two has been definitely better. Chain bakers are not in the market but some small-sized orders are beginning to come through and the inquiry is more active. Foreign reports on crop situation are not entirely satisfactory. In the Argentine, it is still a long way to harvest but the wheat acreage will probably not exceed 13 million, or somewhat smaller than last year and would compare with 18.5 in the prewar era 1935-39. At 12 1/2 bu per acre, the crop might be only 162 million bu compared with 245 million bu last year and 222 million bu average. Home consumption in that country is about 125 million bu. In Australia, the crop conditions are generally favorable but more rain is needed, while in Europe the weather is quite similar to what we have experienced here, namely, dry, which seems to be satisfactory for the harvesting of the corn crop but moisture is necessary for fall plowing and seeding.

While there was some profit taking in the various pits selling seemed to have been pretty well absorbed and closing prices showed good gains as compared with the previous session.

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CHICAGO, 4 Sept. 29, 1948.

There was considerable recovery in prices yesterday, with a better sentiment displayed, but apparently markets are not yet in position to continue their upward move without some impediment. First of all, we have raised the biggest corn crop in the history of the country and the second largest wheat crop, not to speak of the abundant production in virtually all other cereals. Nevertheless, the loan program, together with the purchase agreements, in our opinion, cannot be ignored particularly if they work in conjunction with the government's export buying. Some of our friends downstate tell us that yields of corn amounting to 100 bu to the acre are not uncommon. If anything, the final figures may even show improvement over the last government estimate. Yet improvised storage is being used wherever possible in order that producers will not have to sacrifice their corn at $1.25 a bu when they know they can get more by holding and placing it under the loan. Everyone admits that the post-harvest movement may be large, and there will undoubtedly be some distressed corn, but there are some offsetting factors even there. We have come from a very small crop and a small carryover into a large crop, but this means that there are going to be many holes to fill in and a good many feeders and processors have taken just about their necessary requirements, hoping to obtain cheaper supplies when the new arrivals were available. In some cases farmers will build snowfences or even clean out the hen-houses to provide corn storage, hoping that the time element will be in their favor, and this together with government exports may not give us the severe declines which some people in the trade had expected. There is now a possibility that we shall ship 140 million bu corn from this country, and while this is not a particularly large amount compared with the total crop, we still have in mind that three years ago when 125 million bu was shipped, it comprised a pretty big percentage of the amount of corn that came to market. Thus we shall probably have to figure again our exports in terms of the primary movement rather than on crop percentages.

When our market opened this morning, there were some reactions in the various pits. The foreign news, while not too heartening, is at least no worse, and securities were higher, indicating that possibly some partial solution may be worked out with respect to the Berlin crisis. In wheat, we must still figure on about half the world's requirements being furnished from the United States. The Canadian crop is about 50 million bu larger than last year but thecarryover is somewhat smaller, and total supplies in that country on August 1st amounted to about 467 million bu. Everyone knows that about 150 million bu will be needed up there for feed, seed, alcohol, and consumption. It leaves a net supply of 317 million bu for export and next carryover compared with 278 million bu a year earlier. Of this quantity about 140 million bu will probably be shipped to Britain under the bilateral agreement, and thus there will be some free wheat for other countries, but as we stated yesterday, the outlook in Argentine is not too favorable, and on a smaller acreage yields will undoubtedly be considerably less than last year and smaller than average. Shipments from that country have not been big, and since August 1st to middle of September 5.6 million bu wheat has cleared compared with 11 million bu last year, and 15 million bu average for this season of theyear.

Primary receipts of wheat today were considerably smaller and were only 1,571,000 bu compared with 1,447,000 bu last week and 1,386,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 794,000 bu.

There was not a great deal of news overnight except that rains were reported over sections of Illinois, Indiana, and Ohio, and this may slow up the movement of beans and may also delay maturity of corn, but the outlook for the corn crop is still exceedingly good. While there was a little weakness in wheat at times markets showed recuperative power and probably some hedges were taken out of the pit against PMA flour business and the volume put through was claimed to be substantial. Other export business, however, is still very small. The domestic demand seems to be a little better and we believe a good many people have let their stocks run down; therefore, would not be surprised if business would be on a heavier scale for the next few weeks.

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CHICAGO, 4 September 30, 1948

After the close of the market yesterday the government published new parity figures, and there was a decline of a cent per bu for virtually all cereals. The only really important item which the trade had been watching was corn, and the new parity price now is $1.60, which practically assures a farm loan of about $1.44 per bu. While they never make terminal loans as they do in wheat, it nevertheless, indicates a price somewhere between $1.55 to $1.60, basis Chicago, or considerably higher than the present market. In addition to this the first season's allocations on corn had been granted, and for the period October to December they are 19 million bu. This at first glance may not appear very high in relation to a 3 1/2 billion-bu corn crop, but yet it must be remembered that the domestic demand in October is going to be pretty heavy as practically everyone, including feeders and processors, have permitted their stocks to run way down. Furthermore, there is no corn at the seaboard, and it may take another month or six weeks before supplies reach gulf or Atlantic positions. Moreover, it is physically difficult to dry too much corn at one time, and since moisture content, particularly of exports, is so important it means that we have virtually only two months: namely, November and December, in which to ship this quantity. There is always the possibility that with foreigners wanting to build up their livestock numbers there may be supplemental allocations as time goes on; but in any event we anticipate a fairly good demand for the early arrivals.

The government, in commenting on this month's parity price, points out that feed prices have declined for the fifth consecutive month, and that this was principally responsible for a one point reduction in the index of prices paid by farmers for all commodities, (excluding interest and taxes). At 265% of the 1910-14 base period average, the index is now a little below the record high first recorded last January, later regained in June, and held through August. Converted to a 1919-29 base, the prices paid index is now 166; on a 1935-39 base, it is 212. The whole system is so complicated that it is always difficult to anticipate what changes may occur from month to month. We understand that even the Department has to take many factors into account. For example, building material prices averaged lower than the past month but the changes were in no way uniform. Lower prices were reported for shingles, bricks, and drop-siding, while there were higher prices reported for other items; therefore, they had to arrive at some sort of average figure for that item. So it goes with many others that are used in the computation. In the case of household furniture items made largely of steel continued their upward trend, but elsewhere it was a different story, and here again the statisticians had to do some guesswork. Even the prices that farmers paid for food were not uniform because there was a substantial decline in beef prices, but this was nearly offset by an increase in pork. Sugar and fruit advanced in price, but there were declines in other foods; so it can easily be seen that the system of coming to some accurate determination is surrounded by tremendous uncertainties.

Primary receipts of wheat today totaled 3,378,000 bu compared with 3,419,000 bu last week, and 3,103,000 bu comparable day last year. Kansas City and Minneapolis stocks so far this week show a net increase of 795,000 bu.

The Iowa Weekly Crop Bulletin states that practically all of the Iowa corn and soybean fields have now reached the point where a good frost would be beneficial. State-wide reports indicate 91% of the crop well dented and hard. South Dakota reports the corn matured and out of danger of frost, while in Missouri the harvesting of corn and soybeans has begun and fall sowing is in full swing. The rains of about a week ago enabled fall plowing to get under way again in the northern part of the State. In Oklahoma, the dry surface has caused a further delay in planting wheat, and general moisture would be rather welcome now throughout the Southwest.

There was some buying of corn by brokers with export connections--this may have been in anticipation of business to be done under the allocation. Generally markets were quiet, and many visitors were present who are attending the 52nd annual meeting of the Grain and Feed Dealers National Association.

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CHICAGO, 4 October 1, 1948

There was no special grain news over night except that the Department of Agriculture had announced the corn loan, which on an average amounts to $1.44 a bu on the farm. This price-support rate is mandatory, and the trade already knew that at 90% of parity the price would be set at that figure. It compares with $1.37 last year, at which time the parity price was lower. These supports will range according to counties anywhere from $1.34 to $1.63 a bu. In addition to the loan, there is the purchase agreement, and those rates will range from $1.34 to $1.66 a bu with the higher rates applying only in certain deficit states where corn loans are not available. The purchase agreements, in our opinion, will be responsible for keeping a good deal of corn back in the country, where there may not be satisfactory storage space even though the producer will have to take some risk as to the keeping qualities of this corn. But apparently with prices so far below the government levels, this method will find favor, and as we have stated earlier, undoubtedly a good many improvised snowfences will be constructed as a protection against the elements, but much will depend on the moisture content of the corn after harvest as to whether or not it will maintain its grade for a period of months. The Department further announced that farmers this year may put their corn under loan at harvest time instead of having to wait until December 1st, as was the case in previous years. This is designed to give the producer more protection because of the tremendous supplies that have been raised. Corn storage, according to government officials, is the chief obstacle to farmers in taking advantage of the support program and only properly stored grain may come under the loan program, but with the alternative of accepting the purchase agreement, of course, it gives the farmer much greater latitude.

The trade, therefore, is guessing as to how much distressed grain will be sold at less than support prices. Last year, of course, the high price prevented very much from going into the loan, and only a little over a million bu was impounded, but this year the situation is bound to be quite different. The largest quantity that was ever placed under the loan was 301 million bu from the 1939 crop, and the yield that year was only 2,342 million bu. While most people are prepared for a 90% of parity loan until January 1, 1950, on basic commodities, there is some talk that the formula for computing parity may be changed, particularly in view of the fact that farmers are getting much larger yields with better farm mechanization, better fertilizers, improved seed, and intensive cultivation of the soil. In other words, there is the realization that as we are about to harvest a 3 1/2 billion bu corn crop on the second smallest acreage in fifty years, possibly parity should not be computed on basis of a bushel of grain in relation to what it will buy for farmers without giving recognition that many more bushels are being harvested on every acre of land. Thus in years of heavy production, the producer is receiving all out of proportion to that for which the original concept had provided. However, with a good deal of opposition to high living costs, we are much concerned that if agricultural prices are maintained too long on an unrealistic basis, possibly all price-supports may finally be scrapped, and that farmers then will lose many of the benefits they have gained.

Primary receipts of wheat today totaled 2,694,000 bu vs 2,698,000 bu a week ago and 2,676,000 bu on the comparable day of last year. Kansas City and Minneapolis stocks show a net increase of 864,000 bu. When the wheat visible is posted on Monday, it will be compared against an increase last year of 33,000 bu.

The weather forecast does not suggest any moisture of consequence in the grain belt although some frosts are predicted in the Northwest which may range from light to heavy. However, we believe that corn has now reached the stage that some frost in the more northern sections would be welcome. While the seeding of winter wheat is progressing it is retarded in some areas through lack of surface moisture and at the moment a good soaking rain would be welcome throughout the Southwest as well as parts of the central area. It is reported that some flour business was placed overnight although generally speaking domestic business is very draggy and the market is not receiving support from the lifting of hedges, which is usually entailed when flour business is placed. Many in the trade are still trying to appraise the effects of the loan and purchase agreement on wheat and corn and soybeans as well. As far as beans are concerned offerings from the country have been rather light. They seem to dry up on declines but, on the other hand, any advance might bring out heavier offerings. The same thing will no doubt hold true for corn when it begins to move in volume. The loan and purchas agreement is a great incentive to producers to withhold supplies as long as prices

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CHICAGO, 4 October 4, 1948.

The Department of Agriculture announced that although market prices of hogs have been considerably above parity levels for several years, they are still required by law to offer support, and under the Agricultural Act of 1948, this must be at 90% of parity through the calendar year 1949. However, officials do not anticipate that hog prices will decline to the support level during the October-March period covered by the schedule announced today. Support prices for hogs are calculated twice a year on basis of parity prices on March 15th and September 15th. The September 15th parity price was $18.20 per hundred lbs; however, the average of prices received by farmers on that date was $27.30. If support should be needed, purchases of pork products or other appropriate support action will be used to carry out the program.

There was very little news to influence our market this morning. A few scattered but light frosts had been reported over the corn belt. However, the forecast is for fair and warmer, but in any case the crop seems to be maturing well. Despite this we have felt for some time that with the export program and a holding tendency on part of the producer, there was probably a limit to how low the market might decline, and even now we note comparative strength in December, which tends to confirm our belief. In wheat the quantities impounded might be even larger, particularly in the Southwest, if quality of the grain were better. We have heard some discussions that country elevators might even ask the government to call loans, because there is question as to whether all of the wheat will keep until next summer. This may be the reason that CCC is finding it so easy to buy its supplies each day, although it should be noted that they are buying a good deal of #3 wheat, and very likely some of the poorer grain, which might otherwise be impounded is moving to market. One of the authorities in Washington calls attention to the fact that after the first of the year buying operations may be on a much smaller scale when the private trade moves in and government purchases slacken. Likewise he refers to the better crop harvests in Europe, which may lessen the demand from that source.

We find it rather interesting to quote again some figures on world bread production as estimated by the Office of Foreign Agricultural Relations:

COUNTRY Wheat	Average 1935-39 (Million bushels)	1948	1948 as per cent of average.
North America	1,086	1,695	156%
Europe	1,593	1,435	90
U.S.S.R.	1,240	890	72
Asia	1,490	1,660	112
Africa	144	150	104
South America	280	245	88
Oceania	177	175	99
TOTAL	6,010	6,250	104

These figures show quite an increase in the yield as compared with prewar average, but of course make no allowance for larger populations. As a partial offset it should be stated that the average rye production prewar was 1,730 million for the same countries named above compared with 1,605 million bu this year, or a reduction of 125 million bu, so that only 93% as much rye was raised as before the war. However, there is some comfort in knowing that production as compared with last year is much more favorable with respect to distribution, and this often makes a vast difference, also. Despite the increased yields that have been obtained, it is anticipated that import requirements will remain high. There seems to be a desire on part of many European countries where bread grain has been in short supply to built up their almost non-existent reserve stocks.

When the visible supply of wheat was posted there was a decrease of 4.6 million bu; stocks in all positions are nearly 169 million bu, or about 30 million bu more than last year. There was an increase of 431,000 bu in the corn visible; total stocks are 1 1/2 million bu, or about 6 million bu less than a year ago. Oats were about a standoff. Chicago wheat stocks decreased 509,000 bu, and there is still more than 7 1/2 million bu here.

Markets continued rather dull, and we note on Saturday the trade in soybeans was as heavy as that in wheat. It was reported that one of the export houses had sold two cargoes of corn for last half December shipment. This encouraged some short covering.

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CHICAGO, 4 October 5, 1948

There was no special news before our market opened. Weather is not much of a factor, although it remains mostly dry in the Southwest. Chances are that there may be some complaints before long unless moisture affords relief for the winter wheat crop. In corn, there have already been a few scattered frosts, and while the crop seems to be maturing satisfactorily, there is no pressure, and we are told that country selling is on a very small scale. The same is true of beans, and very likely the price is responsible for this whole situation. After all, the farmer's psychology has undergone quite a change in the last few years. They recall that in June of 1946 the ceiling price on wheat was $1.74 a bu, but at the present time the Department of Agriculture has buyers in the Mid-West supporting the market through loans and purchases at about $2 a bu on the farm. The Secretary of Agriculture has advised farmers to store their wheat in warehouses and to withhold it from markets until such time as arrangements can be made for permanent storage so that the loan maybe obtained. The same is true now in corn and the parity announcement a few days ago by the Department of Agriculture is about 17 to 18¢ a bu higher than the maximum ceiling price that prevailed during the war. With the government pledged to support the price of corn at these high levels through loans and purchase agreements, one can hardly expect that country offerings will be large, although with a bumper crop, there is always apt to be some distress-selling at the start of the season. As one of our Senators from the Eastern States points out in a recent magazine article in AMERICAN AFFAIRS: "The purpose of a support program should never be to guarantee a margin of profit, but it should be used only as an instrument to which the farmers could resort in times of a national emergency. There is no justifiable reason for paying a subsidy to any group, whether they be farmers, laborers, consumers, or manufacturers, during times of national prosperity. This inflationary program of supporting agricultural products at fantastically high levels, with the resultant high cost of living, is in reality benefiting no one. Every time the government, through its purchases, increases the cost of agricultural products, as described, the result is a corresponding increase in the cost of living to the housewife."

It was reported from New York this morning that a cargo of corn had been sold for shipment first half December at the gulf at 12¢ over Chicago December. This is not unexpected, as there is bound to be considerable business as time goes on, but it also confirms our belief that there will be some offsets to hedging pressure which we are going to have, although we cannot overlook the fact that we have gone from a very small crop to a large one. Consequently, there are going to be many holes to fill up. Both processors and feeders have been reluctant to pay the high prices for old corn but will be hungry to avail themselves of new corn on a much cheaper basis than they could buy their supplies heretofore.

Primary receipts of wheat today were a little better and amounted to 2,930,000 bu, which compare with 2,717,000 bu last week and 3,986,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 75,000 bu. The figures yesterday had very little influence, but we started with a rather large decrease in the visible stocks, which may be interrupted, but between now and close of navigation we expect rather heavy shipments from terminals.

At the moment there seems to be no special issue in wheat, and speculation is at low ebb. Mills are doing only a small flour business, and interest is tapering off, even from the chain-buyers who had shown a little tendency to cover commitments last week. There were some dust storms reported today both from Kansas and Oklahoma, but it seems that these have less influence now than in the past, because we have had two seasons where it was very dry in the fall and yet snows brought about great recovery, and final results were exceedingly optimistic. Nevertheless, there is always a little greater danger when seed does not germinate properly at this time of the year.

There was moderate firmness in the various pits, probably for the reason that there is so little pressure. Neither the immediate nor [illegible] the five-day forecast suggest much chance for moisture in the Southwest, although there may be a few showers in western Nebraska this afternoon and tonight. May wheat which had been regarded as a natural hedge by those disturbed over possible tightness of nearer positions is getting a little better support, and while we expect a good-sized carryover next June 30th, there is still quite a possibility that sizeable quantities will be under the loan unless there is a sharp advance in price; consequently, the amounts of free wheat may again be reduced to small proportions.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 6, 1948

There was no special grain news overnight, and these are, indeed, quiet days, although trade is beginning to find out that even though the corn crop is the largest of record, there may not be nearly the amount of pressure that had been previously expected. The weakness in the futures market when December corn sold for less than $1.40 did not come so much from actual selling on part of the producer, as far as we can judge. It is true that some corn was contracted for delivery later on, but the amounts were not particularly heavy, and we believe that possibly some of the country elevators or speculators were apprehensive, and it was their selling at a time when other support was only moderate. During the last few days there has been some short-covering on realization that with the government export program possibly the early movement will find a better market. Furthermore, it is also a fact that with last year's failure crop of only 2,400 million bu, a good many processors and feeders outside of the corn territory had let their stocks run so low that they are going to come in for purchases when the country movement starts in earnest.

All this is having a somewhat strengthening influence on the market, particularly as the same situation prevails in beans, and there does not seem to be any pressure from that source either. The overnight weather showed some encouragement in that rains were reported not only in sections of Nebraska where they had been expected, but also, in Kansas and northeastern parts of Oklahoma. Neither the daily nor the five-day forecast had given much intimation that there would be relief in the latter areas. Actually there was about 1/2 inch moisture at Beloit, Kansas, a little more at Topeka, a good rain in Kansas City; St. Joseph, Missouri reported nearly 1/2 inch, while Hutchinson, Kansas said that rain had occurred on and off all during the night with as much as 1/4 inch as far west as Garden City. Chances are that showers will continue in central and east portions of Kansas this afternoon and tonight, and it may also become unsettled over the corn belt, with rains tonight or Thursday and not much change in temperature. This moisture comes in ideal time, and while not general enough to afford complete relief, it will at least stop soil blowing in those areas that had started to complain. We continue to hear of a considerable amount of wheat in Kansas that is deteriorating, and for one reason or another it may not be of contract quality next spring. Therefore, some of it is beginning to be sold at tremendous discounts under the market, which possibly accounts for the fact that receipts are keeping up reasonably well at some of our terminal markets. Likewise, it may have the influence of bringing smaller quantities into the loan than might otherwise be the case.

This in turn brings up the question of whether we shall have premiums for the nearby positions, particularly at Kansas City, and we have seen some evidence of selling in the nearby deliveries against purchases of the more deferred, which has narrowed the spread, and consequently makes it rather difficult to have very pronounced views. CCC is buying quite a little wheat each day, and this is true not only in the Southwest, but in the spring wheat districts as well. The contract stocks of wheat in Chicago have declined to 3 1/2 million bu, which is a reduction of more than half a million from last week and compares with 4.7 million bu last year. Chicago is not on a shipping difference with either Kansas City or Minneapolis, and should CCC operations continue to take grain out of this market, we might still have comparative strength in December, so that the situation is by no means an easy one to calculate.

Primary receipts of wheat today were very light, and amounted to 1,083,000 bu compared with 1,571,000 bu last week and 1,602,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 174,000 bu.

Trade was rather dull today, but markets were firm, with no special feature. CCC wheat purchases from July 1st to October 1st have amounted to 124 million bu. Adding 47 million bu which the agency had on hand, and adding flour purchases and stocks held, the total in wheat equivalent is 195 million bu. In addition the trade through the end of December has been allocated 47 million bu, which has not yet all been sold abroad, and possibly not covered in the market, but this all adds up to 242 million bu out of a total goal for the season of 450 millionbu. Flour sales continue in small lots, but inquiry is improving from bakers. Two of the soybean processors stepped out of the market, except possibly for special lots, and this caused a little slackening in the market, but nothing of great consequence.

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CHICAGO, 4 Oct. 7, 1948.

During the recent convention in Chicago when grain and feed dealers met there were a good many discussions about the stock market, and the head of the New York StockExchange, while out here, made the statement that securities were one of the big items which had not sympathized with the general inflation. It is an acknowledged fact that we have had the longest boom in recorded history. While there have been any number of predictions concerning the possible turn, most of the forecasts up to now have not been borne out. There is still heavy government spending, which is naturally a powerful bolstering influence. Besides this, full employment also generates purchasing power for an unprecedented pent-up demand. We have also 61.2 million people gainfully employed in civilian pursuits, or 36% above 1939. Payrolls are more than triple the prewar period, but despite all this there is only a reasonable amount of confidence. There are many items that still receive support; otherwise they might decline. This has to do with any number of commodities, including government bonds, and apparently it takes a good deal of federal money to carry on these programs. There have been dire warnings issued by the administration from time to time about the ravages of inflation, but for the most part proposed remedies have dealt with symptoms rather than with the underlying causes. As one of the eastern banking authorities points out, it is possible that we are in the last stages of the boom and that the natural forces at work will bring about a correction as they always have in the past. They call attention that total crop production this year may be 14% above last year based on September 1st crop conditions, and that since January the index of American farm commodity prices has declined by about 6%, as a result of the bumper crop prospects both here and abroad. They say that whenver any important weakness in major farm commodity prices has been felt the government provided support, despite the fact that lower food prices would bring substantial relief to many millions of American consumers. In their opinion the farmers will be penalized in the long run because in the past virtually all the price-support programs have led to overproduction and chronic surpluses.

There was nothing very important in overnight developments. Rains had been quite general over the corn belt and some also occurred in Nebraska, with an inch of moisture reported at Omaha. The outlook is for clearing in Iowa, with probable frost there tonight, as well as in northern and western sections of Kansas. Meanwhile, there is no pressure anywhere, and consequently there is a fairly good undertone in most of the pits. It is still quite dry in many sections of the winter wheat belt, and the Oklahoma report stated that moisture supplies were further depleted during the week, and that this was the fifth consecutive week of very dry weather except along the northern part of the state. Most wheat farmers are hoping for immediate rains and that the weed seeds will germinate and then the weeds can be destroyed by a final cultivation before seeding.

Primary receipts of wheat were heavier today and amounted to 2,162,000 bu compared with 3,378,000 bu last week, and 2,608,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 153,000 bu.

Markets were again very firm, and there was some investment buying of corn, prompted by the slow movement from the country. We had some reports today showing that offerings from the same stations as last year were lighter even though the yields were much better. This holding tendency naturally is having its influence, and December corn is gaining on the deferred positions, and in general carrying charges are being wiped out. Flour business is still slow to moderate but PMA will probably buy whole-wheat flour next week, and it is this support, plus daily purchases of grain, which gradually is making itself felt. Oat merchants claim that the advance at Winnipeg has made our oats cheaper for shipment to New England than the Canadian type.

The hog market today had a further recovery, and this influenced the lard market and may have also been construed a little bullish for corn. The Chicago corn-hog ratio October 2nd was 17 compared with 16.6 last week, and only 11.1 last year.

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CHICAGO, 4 October 8, 1948

Europe's wheat crop has now been harvested, and on the whole the results have been very satisfactory, as we have mentioned in several of our previous letters, but according to Broomhall the quality of the grain is somewhat inferior to that of a year ago, although complaints on that score are not serious. The new crop outlook in Southern Hemisphere is not altogether promising, and this is particularly true in the Argentine where yields due to low acreage are probably going to be small unless there is especially favorable weather between now and harvest. Despite all this, with the big crop in the United States and better outturn in Canada, together with larger carryover stocks in the four major exporting countries of about 190 million additional bu, the supply situation is ever so much better. Again according to Broomhall, it is no longer a seller's market. He points out that by reason of the Marshall Plan we are assured of the bulk of the world's trade in wheat and flour, but on the other hand Canada, Argentina, and Australia may not find it all too easy to market their supplies, as has been the case heretofore. While Canada has a market for 140 million bu, according to the Anglo-Canadian Pact, she would still have to find a market for about 100 million bu elsewhere. We are informed that Mr. McIvor is now in Europe for the purpose of trying to sell this excess supply, and the British authority says that it remains to be seen whether he will meet with much success in trying to accomplish that. Continental importing countries are hardly likely to forget that when the need for wheat was acute, Canada did not give them much consideration. It is, therefore, likely that foreign buyers will not be anxious to buy at present relatively high prices for Canadian wheat when there is the possibility that they can draw on U. S. supplies on more favorable terms, and in some instances even get these supplies gratis. He further points out that Argentina is really feeling the effects of the changed statistical position and that buyers are not at all anxious to buy either wheat or corn at present exorbitant prices. Of course, wheat has been pretty largely liquidated in that country, but a new crop will soon be available, although meantime weekly shipments are rather small. He poses the question as to who shall pay Argentina famine prices when even without any contribution from that country there might be enough grain to go round.

There was not much news before our market opened. A few scattered light frosts have been reported over the corn belt, likewise a little rain, but clearing conditions are setting in. Chances are we shall have clear skies with moderately low temperatures. The trade is still impressed with the small offerings of corn and beans, although we admit in corn that it is still quite early. The government has announced that they would be in the market for undisclosed quantities of soybeans for the Army, and that these purchases will be made through the Chicago and Kansas City Regional Offices. Offers will be considered immediately and will continue until requirements have been met. Apparently such supplies will be dispatched to the occupation zones of Germany and Japan, but there was no comment whether additional beans would be exported to other nations. There is some talk that total shipments may range from 8 to 10 million bu but no official confirmation. Should these figures find realization, the trade believes that the 170 million bu left for crushing may not satisfy domestic needs. Our market opened several cents per bu higher following the publication of this news.

Primary receipts of wheat amounted to 2,187,000 bu compared with 2,694,000 last week, and 2,855,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 152,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of 1,728,000 bu.

Markets were rather firm early but there was some profit-taking during the session, and best levels were not maintained. Apparently there has been a good deal of short covering recently, and possibly the advances are sufficient for the time being.

There was another cargo of corn sold to an exporter for last half December shipment, which makes at least six cargoes worked thus far. We doubt however, if any of the business has been done directly with foreign buyers, but this will undoubtedly take place later on. The Department of Agriculture figures that at least 125 million bu will be shipped during the year. On that basis, we might have a carryover at the end of the season of 555 million bu, but it remains to be seen how much will be impounded under the loan. Flour business has tapered off, and all mills are now complaining of extremely slack domestic inquiry, while export orders are likewise disappointing. Trade in the various pits was rather moderate.

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CHICAGO, 4 Oct. 11, 1948.

There was not a great deal of news over the weekend relating to the grain markets. Secretary Marshall was home for a brief period to discuss foreign developments, but apparently is flying back to Paris after it had been decided that no individual negotiations between Moscow and the United States will take place at this time. After the close of the market today we shall have a government report, but the chief interest centers in crop prospects for corn and for soybeans. It is thought possible that there may be some lowering of yields in beans, but the corn crop seems pretty safe, and recent weather has been more or less satisfactory. Freezing temperatures were reported in Nebraska and Kansas, and there was some scattered rain over the Central States, but it is gradually clearing and will be warmer tomorrow. The wheat harvest at home has about been completed, and after allowing for domestic use this year's wheat supply will provide about 730 million bu for export and carryover. Exports are continuing right along, but probably not quite as much will be shipped to foreign claimants as last year. As a result reserve stocks next July 1st may be around 275 million bu compared with 195 million bu, which we carried over last July.

There are conflicting reports as to how much wheat is going into the loan. Some people tell us that if the market should advance 3 or 4¢ per bu either by higher premiums or advance in the market, there might be fair quantities coming out. Others believe that if prices remain at present levels or decline a little, impoundings between now and end of December might be considerable. This, of course, makes it extremely difficult to gauge prices, because with a large reserve stock at the end of the season, much will depend on the quantity tied up under the loan; therefore, even the spread between May and July is extremely difficult to forecast. In corn, we have somewhat the same picture. Price declines have probably been a little greater than some people had thought possible early in the season, but then, of course, we always have the question of distressed corn, and nobody can tell yet how much of this will come to market. The officially announced support price of corn will give the farmers a loan averaging from $1.34 to $1.63, depending on the county and the particular area. It is true that as much as 400 million bu may be put under the loan. This would be a record, and in addition to about 150 million bu that is spoken of as a probable export figure, it takes care of a considerable proportion of the crop. However, the export figures are highly tentative at this time, and likewise the amount that will be impounded is more or less of a guess this early in the season. However, the feed supply prospects for 1948-49 will be about the best in history. Total feed concentrate supplies will be about 166 million tons, more than one-fifth larger than last year, and only a little smaller than the 1942-43 peak, but in any case a record compared with the number of livestock to be fed.

The Department of Agriculture believes that the demand for farm products will continue strong, and that prices next year may average close to the 1948 levels. They say that no significant decline in economic activity is expected next year; they talk of an especially strong demand for farm products, which they say is due to the postwar boom at home and the large needs abroad. In characterizing some of the reasons responsible for this situation, they call attention to the excess of U. S. exports over imports, high consumer expenditures, and government spending. The latter has shown a substantial rise because of defense and foreign aid programs, also state and local governments are spending more for school, streets, highways, and other services.

The wheat visible showed a decrease of less than a million bu; total stocks in all positions are nearly 168 million bu, which is 30 1/2 million more than last year. In corn, it was practically a standoff, but total stocks are only 1 1/2 million bu compared with 6.2 million in 1947. The big decrease was in oats, with a shrinkage of 1 1/2 million bu, and present stocks are 15.8 million bu compared with 25.2 million last year. Here in Chicago there were decreases all along the line. There is 7.3 million bu wheat here, 577,000 bu corn, 4 1/2 million bu oats, and only 564,000 bu rye.

Markets were not particularly active, but there was a rather firm undertone in corn, probably for the reason that some direct export business has been put through. Soybeans were also strong and the country continues to sell sparingly. There was not much pressure anywhere, although some profit-taking in wheat with the May delivery losing a little ground on other months. Domestic flour business is of only small volume.

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CHICAGO, 4 October 13, 1948

After the close of the market Monday, Acting Secretary of Agriculture Loveland signed the October crop production report indicating a corn crop of 3,568 million bu, which is unprecedented, and apparently the crop is now safe from frost. In fact, a frost, according to the government, would be welcome in many areas to terminate growth and promote curing, so that picking may begin on a large scale. Other late-growing crops, such as soybeans, also matured with only negligible frost damage, and are now being harvested. Currently, indications are that the total outturn of all crops will be 8% above the record set in 1946. Food-grain production continues at a near record level, and the slight decline in the spring wheat estimate is more than offset by improvement in rice and buckwheat prospects. Fall plowing, field preparation, and seeding of fall grains proceeded seasonally in September, but operations were slowed toward the end of the month by lack of top-soil moisture over most of the country.

There is still considerable conflict of thought as to whether our exports will continue at peak levels. Dr. Fitzgerald, Director of the Food Division of ECA, claims that there is a continuing demand for our grains, that wheat and flour exports will be close to 475 million bu from the 1949 crop, which is about the same amount expected to be sent abroad during the current season. He states that European requirements for feed grains, and corn in particular, would be considerably above average this year and next. The Continent apparently wants coarse grains in order to rehabilitate its livestock production, but he did not point out that exports would be governed by Congressional appropriations. As against this view, other Department officials stated that the huge stock of feed grains available this year, estimated at a staggering 135 million long tons, means two things: first, that the United States will have available for export all the feed grains that Europe can possibly pay for and transport; second, that the Department is going to make loans on a very large amount of the crop. There is some talk now that anywhere from 300 to 500 million bu corn may be taken over by the government under the loan at about $1.44, which would involve an outlay of $400 million to $700 million. Similar examples could be cited for other farm products. Of course, conditions might change, but at least there is the possibility that with high support levels, the potential liability under the government program is just beginning to be realized generally, and it may run into many billions of dollars.

The Agricultural Department said yesterday that American wheat farmers face a possible one-third cut in their acreage by 1954. That would mean a reduction in wheat acreage to about 55 million acres five years hence compared with about 79 million acres expected to be seeded for next year's crop. It is believed that our export market may be reduced by that time to only 150 million bu, and that the record shipments, as we had last year of 482 million bu, will then be a thing of the past. These same officials pointed out that such a reduction would involve government controls on planting and marketing. According to Mr. O. V. Wells, Chief of the Department's Bureau of Economics, international and political affairs will have much to do with our exports for the next few years, and whether we ship 400 or 500 million bu will be governed largely by international events. However, so long as the United States uses food as an implement in its efforts to attain a lasting peace and a stable world economy, he contended that wheat exports may be expected to run relatively high. Mr. Robert Post, Department Wheat Expert, predicted that shipments from next year's crop will decline to between 300 and 350 million bu.

Primary receipts of wheat over the holiday amounted to 3,322,000 bu compared with 1,083,000 bu last week and 4,129,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 140,000 bu.

Trade was moderate, and there was some selling prompted by the government report, which reminded traders that we have raised an enormous quantity of grain this year; even in soybeans, where a decrease had been expected, the October yield was as large as the previous month. There seems to be no apparent pickup in the inquiry for flour, and domestic bookings are unimportant. December wheat is gaining a little on the more deferred deliveries, but there are still fairly large quantities of grain here in Chicago, and undoubtedly there will be deliveries in December, unless CCC activity takes wheat into exporting channels. Some commission-house selling of both corn and beans found the market only reasonably well supported, and it seems that new buyers are acting cautiously.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 15, 1948

The frosts which have been forecast for Indiana, Illinois, and Iowa failed to materialize. On the other hand, our weather man believes that by Monday we shall probably have the coldest temperatures of the season, although this will be preceded by somewhat temperate weather in the meantime. It is also expected that we shall have moisture in western sections of Nebraska, Kansas, and Oklahoma, possibly reaching the central districts, also. Trade is not paying too much attention to the outlook, and even many of the State reports, claiming extremely dry conditions, have failed to arouse much buying enthusiasm. However, the season of peak wheat marketings is passed, and while the decreases in the visible supply have not been large as yet, we believe that after close of navigation this will be accelerated, and apparently markets have absorbed the weight of a tremendous crop without too much difficulty.

December wheat and cash wheat are selling just slightly below loan levels, and this despite the fact that impoundings have not been as heavy as they might otherwise have been if the quality of wheat had been better, so that farmers might have felt safer in taking their loan. Damaged grades are not eligible for the loan, and even under the purchase agreements farmers have to guarantee their grain, which has probably given us a little more pressure on the market than if this wheat had been permanently tied up in the hope of producers obtaining a higher price. At the beginning of the season, bumper yields of grains, cotton, and other crops had made quite a challenge to the whole support program, but, of course, our exports have been a tremendous factor in preventing any very drastic declines, When Congress extended agricultural loans for another year, it also became mandatory for CCC to support prices of specified crops, plus giving this agency permissive powers to buy practically all other agricultural commodities whenever theyapproached or fell below 90% of computed parity. Both the scope and the cost of government operations in this field are difficult to determine, and we would say that probably under either administration, aid for farmers in some form will probably continue. No doubt a Republican Congress would want to reassure farmers of satisfactory prices in answer to criticism that had been made. In fact, we have heard numerous statementsrecently that for next year the law is already very specific. Furthermore, there seems little intention of changing the present statute, although after 1950, the Aiken Bill provides for an escalator clause for gradually reduced percentage loans, but the drop in parity cannot be more than 5% in any one season. We also figure that foreign aid is almost sure to be continued but probably with less emphasis upon relief supplies, and chances are that there will be greater thought toward rehabilitation aimed at strengthening war industries.

Primary receipts of wheat were lighter and amounted to 1,784,000 bu. This compared with 2,187,000 bu last week and 2,494,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 241,000 bu. When the visible supply is posted on Monday, it will compare with an increase last year of 561,000 bu.

Our markets were all strong today although there was a little hesitancy at the start. It seems that milling demand has improved and one of the smaller chains has apparently bought good-sized amounts to cover their needs through the end of the yaar. Covering of hedges against this business was a factor early and we should not be surprised later on if export houses had bought on the prospect of doing business after December when trade is returned to private hands. The Canadian wheat crop of 391,000 bu, plus a carryover of 76 million bu, gives that country a total supply of 467million. Deducting 150 million bu home consumption they had 317,000 bu for export and next carryover. Up to now, or for a period of nine weeks, shipments have been small. There is still 214 million bu remaining for export in the forty-three weeks to end of their crop season, figuring on a carryover similar to last year, which would mean that they could ship nearly 5 million bu per week.

Wheat definitely took leadership today and further the December future was relatively the strongest. There was likewise some buying of coarse grains so that both corn and oats finally advanced sympathetically.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 14, 1948.

There was not a great deal of grain news overnight except that weather continues satisfactory for corn, and chances are that light to moderate frosts will occur over Illinois and Indiana, and will probably be heavy in Iowa. This may gradually bring more corn to market, and already we have seen some pick-up in the movement, although with the present price relationship, the loan being more attractive than the market, chances still favor large quantities being impounded.

During any election year we hear a good many promises, threats, and criticisms, and in recent weeks Wall Street has been severely attacked, but one must bear in mind that without the machinery of our private capital markets, the necessary development of enterprise in this country could not be continued in accordance with the tested principles, which have brought us to our present position of preeminence in the world. The alternative to the processes of our free capital markets would be government financing of private business. That would finally mean nationalization or socialization, whichever type one prefers, and would be very much the same as so many of the European countries experienced since the war. While everyone wants to see a fair distribution of our resources, we cannot afford to see thrift penalized and incentive destroyed. Nor do we believe that regimentation is the only method by which we can meet the problems which confront us.

With the huge supplies of corn and feed concentrates in this country, there is some question as to the size of our corn reserve stock at the end of the season, although the government has tentatively placed it at 555 million bu. Our livestock population has been declining steadily since 1944, and on January 1, 1948, it was at the lowest level since 1939. Therefore, no marked increase for the immediate future is anticipated since it takes some time to increase animal numbers, although it is a fact that some increase is expected because of the corn soon to be fed to livestock, but it may take time to bring about a big change. Meanwhile, any sizeable increase in corn fed during 1949 will likely mean some reduction in the amount of wheat that will be needed for animal feeding. It is also expected that if grain prices remain around the loan rate during the remainder of 1948 and early 1949, farmers will probably continue to hold more grain back on farms than they have during recent years. While it may not all be impounded under a government loan, it at least may be withheld from the market or may come under a government purchase agreement. In either case farm storage and country elevator storage have become much more important, but despite this fact there seems to be a shortage of railroad cars in many areas, probably for the reason that the demand for industrial uses is great, and there is also a good deal of grain moving for export or to terminal markets.

Primary receipts of wheat totaled 2,110,000 bu compared with about the same quantity last week, and 3,045,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 43,000 bu.

There was a little better support in wheat, despite the fact that milling demand remains slow. We understand that there is a little activity at the seaboard covering commitments against recent sales to Italy. However, mills are having little success in arousing any interest from large or small bakers, and the domestic volume is hardly more than 25 to 35% of capacity.

In corn, there is no great confidence yet, for the reason that cash markets have been draggy, and there is a gradual readjustment now between old and new-crop positions. In our opinion, the low prices for futures are apt to be registered during the next three or four weeks. After that export business and less urgent selling may bring about recoveries, particularly since the market is selling under loan levels. Oats were a little lower, probably in sympathy with corn, but there was not much feature. Bookings of new corn were heavier, which is natural at this season of the year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 18, 1948

The BAE is of the opinion that farmers' cash receipts from marketings this year will probably total pretty close to $30 billion, which would be only slightly below last year. In looking ahead they say that receipts in 1949 are not expected to decline much from the present level. They base this on the growing rate of government expenditures for national defense, and also believe that some foreign aid together with these factors will afford considerable assurance of a high level of demand, at least for the first half of next year. Then they conclude that even if there should be some slackening in demand later that cash receipts as a whole are not likely to be down more than about 10% from the 1948 level. In these calculations, they allow for some decline in crop production next year, which is only natural, as we raised bumper crops all along the line, and probably a corn yield of 3 1/2 billion bu may be difficult to repeat, as almost everything has to go right to get production of that sort. Moreover, it takes a reasonably high price to net the farmer from $4 1/2 to $5 billion for that one cereal, even admitting that some of the revenue comes to the producer indirectly, as such a large percentage of corn is fed to livestock. However, it is expected that there will gradually be some increases in our livestock numbers, although this may be offset by smaller crop marketings. In any case, the government feels assured that the general level of demand for farm products is likely to be well maintained, and they are already working toward this end with no change anticipated in the general support programs. Temperatures, as had been expected, dropped to about the lowest level of the season, with freezing weather reported over most of the country. This, of course, is beneficial for corn and for beans, but there are still large areas in the Southwest that require a good, soaking rain before the ground freezes up for the winter.

Markets seemed to be a little stronger today, and there was some buying in wheat prompted by talk that export buying would be a market factor, with the business shortly going back to private hands. Volume was not particularly large, but even with fairly heavy receipts in different places, there was no appreciable pressure. In fact, premiums were maintained both Northwest and Southwest. Congressman Hope, who has been named either as possible Secretary of Agriculture under a new administration, or as Chairman of the House Agricultural Committee, expressed himself as desirous of seeing the government stockpile wheat and cotton against the event of war or other emergencies. He also suggested a large increase in livestock herds and some stockpiling of corn. This, he said, should be done in much the same manner as we are now stockpiling some scarce metals. However, with our exports at almost peak levels, even with big crops it remains to be seen how big our reserves at home may be, and as we have mentioned before, if 400 million bu corn should be impounded, it might not leave large supplies for the free market. In any case, such a quantity might find storage space in the country not completely adequate if we should have another large crop one year hence. The reason that it is not more difficult now is that old stocks of feed grains were depleted, and furthermore, a good many holes had to be filled up because of last year's small corn yield.

When the visible supply of wheat was posted there was a decrease of slightly more than 1 million bu; total stocks in all positions are 166.8 million bu compared with about 138 million bu last year. Chicago stocks decreased again about 358,000 bu, leaving slightly less than 7 million bu here in Chicago. The total U.S. corn visible shows a small decrease, but there is only 1.3 million bu in various positions throughout the country against 7 million a year ago. Nevertheless, today's receipts were quite heavy here, and gradually there should be accumulations. The oat visible decreased 531,000 bu; total stocks are nearly 10 1/2 million bu smaller than last year.

Markets were rather firm today, and there was some talk of export sales to Denmark, with possibly more in the offing. This brought in some investment buying, and possibly some short covering. Flour sales were reported lagging again, inquiries were only in moderate number, and apparently buyers show little inclination to follow upturns in wheat. Receipts were reasonably good, but without pressure it took only moderate buying to give us higher markets. Likewise some purchases of milo are being made for last half November shipment. There is no pressure from the country with respect to beans. Markets, therefore, have been firm, although we believe volume of trade is starting a little slower than last week.

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CHICAGO, 4 October 19, 1948

It becomes ever apparent that new economic thought does not develop overnight. Sometimes we have new phrases or new slogans, but the government study at the present time for stockpiling farm products as part of the nation's overall progran is little different from the "ever-normal granary" which cropped up some years ago. The method of procurement might be somewhat different, and, indeed, this might be accomplished either by farmers defaulting on their grain or by actual buying in the open market. But, in any case, experience has always taught that whenever unmanageable surpluses were accumulated, they finally had a bearish influence on prices, because at some time or other these accumulations had to be reduced in order to make room for the next crop. Of course, there have been some exceptions, and we have in mind the drought period 1933 to 1936, inclusive, when during each year less wheat was raised than was consumed in this country, so that our reserve stocks actually did some good and prevented heavier importations from Canada during that period. However, drought years are just as rare as are bumper crops, and we have had only seven major droughts in sixty years, although three or four of them were successive during the period just stated. We also had the heavy accumulations prior to 1942, and these likewise were of great help in feeding hungry Europe, while rehabilitation was making slow progress on the Continent. Nevertheless, the years of greatest prosperity for farmers have occurred when supply and demand factors were permitted to function normally and when we had just normal carryovers from one season to another.

At the present time we hear many comments from Washington that CCC has been stripped of its powers, and that the producers are actually suffering because the 80th Congress had failed to grant authority to governmental agencies to build storage space. As a result we are told that prices of many commodities are below parity levels, and actually below the loan price, for the reason that storage has been inadequate. In this connection the Senate Majority News made some comments, part of which we give herewith: "(1) The CCC powers to furnish storage facilities to farmers in the form of grain bins were not modified by the charter. (2) That CCC had plenty of opportunity to acquire storage bins for use in meeting the winter wheat storage needs because its own charter did not expire until June 29, 1948. Actually CCC took no action to acquire or distribute grain bins in the winter wheat areas this year, or last year, or in any prior year. (3) It was never the policy of the CCC to furnish grain bins to farmers. The grain bins owned by CCC were all acquired in 1940, 1941, and 1942 to store corn and wheat which had been delivered by farmers to the CCC in satisfaction of loans. (4) In the last few years because of the war and export demand for grain, CCC did not have to take over grain under the support program. Its bins were for the most part empty. Consequently, CCC has been following a policy of disposing of its grain bins. As a matter of fact, 2,000 bins were disposed of between May 31st and September 20th. At the same time the President complained of lack of authority to acquire bins, CCC was disposing of its bins."

Primary receipts of wheat amounted to 2,341,000 bu; last week was a holiday, receipts a year ago were 3,765,000 bu. Kansas City and Minneapolis stocks so far this week show a net increase of 85,000 bu.

There was not much feature to our market, prices were firm early, but there was considerable selling by a prominent commission house which had been on the buying side of the market a few days ago. This selling found the market rather poorly supported, but possibly the fact that the five-day weather forecast indicated that there might be some rains over parts of Oklahoma and Kansas also tempered bullish sentiment. The Weather Bureau looks for 1/4 to 1/2 inch of moisture.

Domestic flour business is still reported moderate to slow, most bakers confining purchases to replacement of nearby needs; however, Army awards are coming through, but will be mostly for wheat milled in the Southwest. Export sales meanwhile are lagging. It seems that with the large crops we have had, and where the price depends to a great extent on artificial factors, that sustained strength is not likely this early in the season. A survey in the Kansas City market discloses that 84% of the wheat stocks were on storage, 3% outstanding for possible deliveries on futures contracts 4% held in store for mills, 4% sold to the CCC or for the Federal insurance agency, and lastly that only 5% was free wheat.

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CHICAGO, 4 October 20, 1948

We have many times in the past put out arguments in favor of free and open grain markets. Broomhall in a recent issue of his Corn Trade News points out the artificiality of the international grain market. At the present time a vast population is dependent on gifts from this country of wheat and flour, and in the case of Canada, gifts of American money to buy Canadian wheat. The United States is at present supplying approximately 50% of the wheat and flour needed for export. Present plans call for help under "Marshall Aid" until 1952. The possible termination at that time is already stressing the need for production of grain due to fears of what might happen under existing export grain monopolies and talks for a World Food Board or Commodity Agreements. We have recently seen an example of price control in the attempt of Argentina to artificially uphold grain prices. Government controls have been set up in Australia and Canada, which would tend to restrict production. If in this country they are going to continue the policy of high loans, finally restrictions will have to be placed on acreages here. The prospect of what might be ahead for the importing countries after we cease our aid from here is not very bright, and will certainly lead to an attempt by Europe to increase their output beyond marginal production, which is wasteful and has led to difficulties in the past. Sir Arnold Plant pointed out recently, and we quote: "It is hardly necessary to explain why monopolies may be harmful, why their encouragement should be avoided and their creation prevented wherever possible, and why the exercise of monopoly power should always be prohibited... Monopoly means that the competitive forces which usually prevent stagnation, compel efficiency and stimulate progress are not operative, and it is doubtful whether any satisfactory alternative stimulus can be contrived. We can, however, be quite certain that the exercise by monopolists of their monopoly power is always harmful for they can turn it to their advantage only by increasing scarcity: that is, by raising prices and selling less."

Speaking for Canada, Broomhall mentions that wheat spells politics, and once the government is in business Dominion politicians have little chance of office or re-election if they fail to use their monopolistic powers to keep up the price of wheat, which they cannot do unless they restrict output.

Commodity Credit reports cumulative purchases of wheat from July 1st to October 15th of about 132 1/2 million bu, and slightly over 15 million bu flour expressed in wheat equivalent. As of July 1st, their stocks were 46 1/2 million bu wheat and slightly in excess of 10 million bu wheat equivalent as flour, giving total purchases on part of CCC and FMA of approximately 205 million bu. This compares with the estimated government allocations to December 31st, 209 million bu. The private trade was allocated 47 million bu to December 31st, making total allocations to the end of this calendar year approximately 256 1/2 million bu, which would leave 200 million bu to reach the 450 million goal. Unless further emergency allocations are issued, the government agencies have practically completed their commitments to January 1st.

Generally speaking, topsoil moisture is now deficient, extending from Canada through our Southwest. In a recent letter received from Sanford Evans, he points out that they are beginning to be a little concerned in Canada about the continued dry weather throughout the West, mentioning that farmers have been unable to do their usual amount of fall plowing, which means there would be considerable work to do in the spring. In our own Southwest subsoil moisture is good but the topsoil is extremely dry; some wheat is being dusted in in anticipation of rain but timely rains will have to occur. In certain sections wheat is lying unsprouted in the ground due to the extreme dryness of the soil.

Primary receipts of wheat today total 547,000 bu against 3,322,000 bu last week and 1,357,000 bu the comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a total decrease of 74,000 bu.

There was a better feeling in all pits this morning, although there was some noticeable selling in May wheat. The CCC advanced their price in Kansas City 1/2¢ for shipment between now and the end of November. The boxcar shortage is rather acute throughout the country, and is proving a detriment in shipping crops as harvested. Soybeans staged a good upturn, stimulated by an increase in oil prices, as well as further allocation for export. This crop should be watched for its oil value.

There seemed to be some export inquiries for corn from Holland and ... Ireland, although at the moment have not heard whether sales have been consummated.

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CHICAGO, 4 October 21, 1948

There was no particular grain news overnight, but the car shortage Southwest is becoming very acute, and even in some instances where grain such as milo would be moving in much heavier quantity, it seems difficult to make shipments from interior points. This seems to be holding up some of our export commitments. At the present time there is not much issue to the wheat market, and we believe it will remain rather debatable until it can be determined how much is going to be impounded in the loan. It looks very much as though the government figures of a probable carryover of 275 million bu at the end of the season would find fulfillment. However, if 175 million bu would be tied up it would leave only approximately 100 million bu for commercial purposes, and thus it is still possible to have a shortage in the midst of plenty. In other words, a reserve figure such as we have mentioned would be considerably larger than average and would compare with 83.8 million bu two years ago, and 194.9 million bu last season.

It is likewise interesting to note the statistical position of wheat, showing a comparison with last year, so that we may make forecasts for the future. For this purpose we make these tabulations:

U. S. WHEAT SUPPLIES

	1947-48 Million Bu.		1948-49 Million Bu.
Carryover stocks, July 1	83.8		194.9
New Crop	1,364.9	1/	1,283.8
TOTAL domestic supplies	1,448.7		1,478.7
Estimated quantity for feed and seed 2/	279.5		248.0
Quantity remaining for milling, export or carryover	1,169.2		1,230.7

1/ October 1st estimate. 2/ Includes an estimate for breakfast foods which is not included in the quantity of wheat milled for flour.

The government has estimated disappearance from July 1st to September 30th at 277.3 million bu this year, including the wheat milled for flour, and the exports of wheat as grain. This compares with 264.7 million bu the year earlier. Therefore, there was a balance on October 1st for milling, export, or carryover of 953.4 million bu compared with 904.5 million bu the season before, or an increase now of 49 million bu, suggesting that our reserve stocks on July 1, 1949 will be considerably more than the 195 million bu carried into the present crop, but, of course, much will depend on the quantity that we export from this time forward.

The overnight weather seemed to have shown improvement, and while the moisture was confined mostly to the Texas Panhandle, central and eastern Oklahoma, and eastern Kansas, there were at least some fairly good rains in some sections. For example, Enid had .43 inch, Billings .73, Alva .25, all these points being in Oklahoma, while Ferryton, Texas had 3/4 inch, and weather now is reported cloudy and prospects look good for further precipitation. This, of course, is very welcome for sections that have been favored, although the relief has been by no means general.

CCC was reported asking for corn offerings Southwest but we doubt whether they obtained much satisfaction, as most grain houses are a little hesitant in making commitments due to the car shortage. Ordinarily at this time of year we pay quite a little attention to crop prospects in Southern Hemisphere. Little is heard at the moment, although weather is generally favorable for growing crops in the Argentine, but foreign demand is still very slow, and shipments with the exception of corn have been negligible. In Australia weather turned dry again in the important wheat areas of South Australia, and it is feared that yields are going to be reduced. Marketwise this is having practically no influence whatsoever. During the first six weeks of the crop-year, Russian and Danubian grain shipments have not amounted to much, despite gossip that yields had been so big in those areas. Through the various ports a little over 3 million bu wheat had been shipped from August 1st to September 9th, and 844,000 bu corn, but barley exports were considerably better with 5,651,000 bu, having been exported, the bulk of it destined for the United Kingdom.

Primary receipts of wheat, 2,731,000 bu, were about the same as last year and somewhat more than last week. Markets for the most part were firm but there was nothing special in wheat. However, some export business in corn, either actual or prospective, is preventing serious declines.

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CHICAGO, 4 October 22, 1948

We have always maintained that high prices and small acreages were a contradiction. We have also pointed out in our market letters from time to time that when government non-recourse loans on commodities are unrealistic and too high, ownership of the commodities will pass to the government by default. Failure or refusal to recognize this inescapable truth has resulted in the disastrous failure of many price-raising schemes. For several years now flax prices have been supported at $6 per bu Minneapolis, basis U. S. No.1 flaxseed, and during 1948 this price has been approximately 135% of present parity, a level which was set to encourage increased production of linseed oil. Apparently the accumulations now taking place have proved that production has caught up, and we understand from Washington advices that while the actual support level will be announced later, present high prices are no longer being guaranteed. Under provisions of the AAA of 1948, the price of flaxseed during 1949 must be supported at not less than 90% of parity nor more than the level of support which prevails in 1948. However, yesterday's announcement indicates that the price-support program next year will be at a much lower level in order to prevent accumulation of burdensome supplies.

Even though it is not freely admitted, supply and demand factors are really much more important than many government officials are willing to admit. The Searle Grain Company, Ltd., of Winnipeg, points out: "For perhaps the first time in history we have had several illuminating examples in front of us to show how supply and demand actually does govern price. On July 31, 1946, the price of Canadian Class 2 wheat was $1.55. On November 28, 1947, it was $3.45 and on October 14, 1948, it was $2.33. These fluctuating prices were set by the Canadian Government's Wheat Board -- which has the power to set any price it pleases -- obviously in accordance with the fluctuating factors of supply and demand. For the year 1947, the price of Registered wheat was set at $4.50 a bushel; for this season 1948 it is $2.60 prices voluntarily set by prairie farmer seed growers, again obviously in strict proportion to fluctuating supply and demand."

When our market opened this morning, there was little to guide it, and while a few rains had been reported over parts of Indiana and Illinois, the forecast is for clearing with little change in temperatures. Thus it is apparent that the major portions of the winter wheat belt have not yet been relieved, and this is bound to become more important unless we get good soaking rains before freezing weather sets in. September was a rather dry month for Kansas, Oklahoma, and Missouri in particular. However, in looking at a longer period the moisture condition since last July has not been too bad, and, therefore, we must assume that subsoil conditions are pretty fair, but yet it will require surface moisture in order to get the crop off to a fairly good start. The following figures are interesting from point of view that they show the moisture both during September and for the quarterly period based on the percentage of normal:

	September	July-September		September	July-September
Nebraska	96	105	Illinois	77	102
Kansas	57	116	Indiana	82	91
Oklahoma	14	92	Ohio	100	90
Texas	67	74	Washington	162	209
Missouri	53	87	Oregon	166	184

Primary receipts of wheat today were small, amounting to only 1,655,000 bu. This compared with 1,784,000 bu last week and 2,844,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 701,000 bu. We shall probably have a fairly large shrinkage in the visible supply on Monday, and it will compare with a decrease last year of 1,834,000 bu.

Despite the tremendous strength in the stock market and a much larger volume of business, grains were extremely inactive although wheat prices were very firm and it seems there is a slight improvement in milling demand, probably helped by a pick-up in family bookings. There was some short covering in rye and offerings were extremely light, so this cereal advanced sharply, but in corn, it is probably too early in the season to expect sustained strength, and, as a matter of fact, even with further export business reported, futures were lower and some of the off-grades of new corn were said to be 7 to 10¢ cheaper in the cash market.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 25, 1948

There was very little news over theweekend, with respect to grains. A few showers had fallen over areas in Montana, elsewhere it was mostly fair, and the weather man is not particularly optimistic for any immediate relief for the great wheat-producing areas. We must acknowledge now that it is getting rather late and unless we have good, soaking rains before long we shall start off another winter wheat crop under rather unfavorable conditions. It is true that we have had other years like this where winter moisture later made up for fall moisture deficiency, but it is always more of a gamble when we must rely on more propitious weather at a later date.

However, the trade in general is not paying much attention to these factors, and probably for the next week or so thoughts will be directed toward the coming election. We often think how fortunate we are in this country regardless of the outcome that our Democracy continues to make us the envy of the world, and to most people the United States is still a great paradise. For here we have made it possible to preserve our individual freedoms while helping us to achieve an unparalleled standard of living. Certainly in terms of literacy and useful knowledge the vast majority of people in the United States are well educated. This factor has been highly important in our political, social, and economic development. Yet it was a surprise to the writer to read of a survey made not long ago by a Research Center interviewing a great number of grown-ups in the United States to find out what they knew about the Bill of Rights, the cornerstone of the great structure for our freedoms. The conclusions were saddening but illuminating, and they showed beyond question of doubt how poorly informed most people were on the true foundation of their rights and freedoms and responsibilities. For example, 31% stated that they had never heard of it; 30% had heard of it but did not know what it was; 12% gave a confused or incorrect identification, such as women's suffrage or prohibition. Only 21% of the men and women interviewed had a reasonably accurate idea of what the Bill of Rights is. As one of the great educators of this country stated nearly ten years ago: "The most serious of all threats to democracy is the indifference, complacency, and ignorance of those who have shared democracy's benefits."

When our market opened it was influenced somewhat by better receipts in various parts of the country. Arrivals of corn and beans at Chicago were heavy. Kansas City had 368 cars of wheat, 138 cars of corn, and 950 cars milo. There also was an improvement at Fort Worth, but generally speaking, the car shortage is still a very important factor, and this is preventing the movement of grain to ports in order to take care of our export commitments.

Quite a number of Board of Trade men had been in the country over the week-end, and were greatly impressed with prospects of the corn crop. Ears are tremendous, and it would not be surprising to see some increase over the previous estimate. However, we continue to hear of export business, and in addition to some offerings by the private trade it is figured that CCC will soon come into the market, probably waiting for improved receipts, and we understand that this agency hopes to get good quality corn with low enough moisture content so that it will keep well on its overseas voyage. All this is very likely preventing any sharp declines in the market, plus the fact that farmers are probably selling only as much as they have to during the period of post-harvest.

When the visible supply of wheat was posted there was a decrease of 1,698,000 bu, total stocks have been reduced to 165 million bu, but there is still 29 million bu more on hand than last year. At Chicago there was a shrinkage of nearly 700,000 bu, leaving only about 6 1/4 million bu here, and this apparently is having an influence on the December delivery which has widened recently over the May. There was an increase in the U.S. corn visible of 772,000 bu, but still only 2 million bu, or thereabouts, in all positions compared with 6.3 million bu last year. There was a small decrease in oats, total stocks are down to 15,million bu, or about 9 1/4 million bu less than a year ago.

Trade was a little more active, and December wheat sold at the highest level since the latter part of July. Therefore, new impoundings may not be too heavy. We are apparently following the same pattern as in other years, but after the post-harvest movement is over in various grains, prices strengthen, and we feel that later on corn will be no exception to the rule.

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DAILY MARKET LETTER

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COMMODITY EXCHANGE INC.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 26, 1948

There were some very interesting figures released late yesterday by the Department of Agriculture. The carryover of corn was given at 126 million bu on October 1st, which is the smallest in the six years of comparable record. This confirms our belief that it will take some time to fill in the many holes that are always created when we go into a new crop with such small reserves. Furthermore, export business is bound to be a factor, and before long we believe that the government is going to push this business quite aggressively. There were relatively large stocks of wheat on hand amounting to 1,142 million bu at the same period, and the total is the third largest of record, nearly equaling that of October 1, 1941, although falling considerably short of the 1,372 million bu that was held October 1, 1942. On basis of crop and carryover, we may now make the deduction that the disappearance in three months amounted to 337 million bu. This compares with 321 million bu in the same quarter a year earlier, nearly 304 million bu in 1946, and over 367 million bu for the same period in 1935. Chances are that reasonable amounts of wheat were fed due to these small reserves of corn, although from this time forward our domestic wheat consumption in that respect should diminish. We also were given figures on the amount of wheat impounded under the loan and under purchase agreements, and in these two positions there is 166 million bu involved, of which 150.6 million bu is now tied up under the loan. This together with 16 million bu that is at least temporarily withheld from the market suggests that even though we are going to have a much larger carryover next July, there may not be much over 100 million bu free wheat available at that time. Of course, conditions may change if the market should advance materially so that repayments are made, but likewise if there should be any sharp declines between now and end of December it would mean that correspondingly large quantities would be frozen. In any case there is no particular reason to change our opinion that finally as we eat into our reserves, supplies overhanging the market will not be burdensome.

It will be interesting for the trade to realize how the current wheat stocks are distributed, and here again referring to BAE they tell us that there was 543 million bu wheat on farms October 1st, 247 million bu was in country mills and elevators, and 129 million bu carried by merchant mills. This accounted for 919 million bu. Also, included in the total figure was 219 million bu commercial stocks at terminals reported by PMA, and besides nearly 4 million bu in transit owned by CCC. Other CCC owned wheat is included in the estimates by positions. Stocks of interior mills and elevators are unusually large, while those at terminals are the heaviest in six years. Merchant mills have about their usual reserves for this time of year. In looking at the rye stocks of nearly 24 million bu on October 1st, these are larger than for the past three years, but yet much smaller than in 1943 and 1944, the only other years of comparable record. Over 14 million bu rye is still held on farms. The quarterly disappearance of rye was 6.2 million bu this season, a little smaller than last year and compares with 8 million bu in 1946 and 15.1 million bu in 1945.

Primary receipts of wheat were a little better than yesterday, and amounted to 2,343,000 bu, which was practically the same as last week, and compared with 3,619,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 160,000 bu.

There was a rather firm undertone to wheat today, but more buying came into the May and July deliveries, and it seems to be the consensus that if December wheat and cash wheat in Chicago stay at present levels or advance further above the loan that we may have some redemptions. The milling demand is definitely better. One ranking chain organization is covering its December requirements, and possibly going as far ahead as January. Each day CCC adds somewhat to its wheat purchases both Northwest and Southwest; yesterday throughthe Kansas City regional office 245,000 bu beans and 600,000 bu milo were acquired. In Minneapolis they purchased 675,000 bu of spring wheat.

With corn receipts estimated at slightly over 300 cars there was less pressure, and most traders feel that weakness in that market will be only of a temporary nature. Broomhall talks of greatly improved food conditions in Europe, especially the potato crop. In Bi-zone Germany it is claimed that production will be double of last year, while Italy has abundant supplies, and the U. K. the largest crop on record. France will not have to import any wheat this season, although she will require a substantial quantity of feed grains.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 27, 1948

As we enter the final stages of another political campaign, possibly we are beginning to learn that both international peace and domestic tranquility are achieved only when more understanding and tolerance have been created. To do this we must destroy hatred, and it requires the avoidance of dissension and violence. At the same time more rational thinking is essential to attain best results, with mutual confidence and respect needed as the foundation for upholding these ideals. Everyone likes to see labor well rewarded for its accomplishments, but yet it demands a keen sense of work faithfully performed. In preserving our freedoms there must be greater emphasis on integrity and honor. Last but not least people have come to the realization that taxpayers' money, which is so freely spent, is not in a true sense real money, for the reason that it is disbursed by those who have not earned it.

Outside of the campaign issues, there was not much news overnight, although lack of moisture is becoming quite serious over many of the southwestern States. Pastures and fall crops are needing rain, and this is especially true of wheat and alfalfa, which cannot sprout successfully unless we get relief shortly. On the other hand, weather has been ideal for corn picking, and in many States more than half the crop has been harvested. We are hearing even from Missouri of yields running as high as 80 to 100 bu to the acre, and despite the small acreage we may finally have a better outturn than was indicated by the government in its last report. Governor Dewey reaffirmed support of the Aiken-Hope farm program, which means a sliding scale for support prices, but under its provisions parity cannot drop more than 5% in any year. Thus it is reasonable to expect that loans will be continued on a liberal basis for some time tocome. Corn is now moving to Chicago from Illinois and Iowa points, so that there is a wide area from which domestic and exporting interests may draw. We understand that CCC has not purchased anything yet through its Chicago Regional Office, but operations will probably start within a week or so.

There was a rather indifferent demand for futures especially in wheat, and a slight narrowing was noted between December and May, probably for the reason that backspreading during the past few days eased the tension. Redemptions have not been profitable, although apparently there is still quite a little wheat in storage which has not been placed under the loan, and which is presently being liquidated. The volume, however, is not sufficient to be much of a factor.

Foreign news indicated that some showers which recently occurred in Australia have given partial relief, but the outlook is only fair. Russia, which through its newspapers had indicated early that tremendous exports might be expected, is proving to be somewhat of a disappointment, as Black Sea shipments are now small and mostly of Bulgarian origin. Total clearances since August 1st have been 17 million bu, but over half of this comprised barley with 5 1/2 million bu wheat furnished from these sources, together with about 2 million bu corn and half a million oats.

Primary receipts of wheat were small today, and amounted to only 791,000 bu compared with 547,000 bu last week and 947,000 bu last year. Kansas City and Minneapolis so far this week show a total decrease of 403,000 bu.

There was not much feature to the wheat market; despite dry weather reports from the Southwest, milling demand slackened overnight. Still there was a fair amount of buying of May wheat, presumably in anticipation of export business, and some July on spreads. This kept the distant deliveries comparatively firm. In corn we understand that CCC made some purchases at the gulf 11¢ over our December track for first half November loading. It is also possible that they were in the market at points East of here, taking some corn at a price which would figure back about 1 1/8 to 1 1/4¢ over on an FOB car Chicago basis. With numerous hedges taken out of the pit, this gave us considerable strength, and there was quite a reversal from yesterday when markets seemed to lag due to lack of interest.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 28, 1948

There has been surprisingly little interest on the constructive side of the wheat market for the past two or three weeks, considering the fact that dry weather conditions prevailed over the Southwest. In former years this was a situation very carefully watched, and we heard frequently that it was the fall moisture which made or ruined the following summer's winter wheat crop. So often West of the hundredth meridian where less rain is received than in eastern districts, when the plant got off to a poor start, many of the heavy producing areas yielded poorly, but there has been a reversal in thinking on this subject, because definitely we have had two seasons now where later moisture showed that original thinking was sometimes fallacious. However, the firmness in July wheat, and even the reflected strength in May wheat during the past few days, may have been due to buying by those who were slightly apprehensive. In any case when the unexpected rains developed in the Texas Panhandle overnight, with a forecast for more, there was quite a little selling of these distant futures, but as an offset the nearby delivery held firm, at least at the start, for the reason that there were considerable hedges taken out of the market. It seems that Italy bought 8 cargoes of wheat overnight in gulf positions, and while some hedges had been previously covered, there were quite a few still to be lifted.

An embargo has been placed on shipments of beans and corn arriving at New Orleans, with the exception of that grain which moves under permit. We doubt whether this will be serious as it is our understanding that a considerable number of steamers will arrive shortly, but on the other hand, the government is apparently planning to relieve New Orleans of wheat shipments insofar as possible, and to provide facilities there only for some of the grain exports, hoping that the wheat can be cleared through Galveston or Houston.

Corn prices, which had advanced sharply yesterday on CCC business were inclined to show a reactionary tendency, although we are told that CCC will pay 16 1/2¢ over for corn FOB Baltimore and 11¢ over track at New Orleans. However, there was less urgent buying this morning, and likewise some liquidation was experienced in beans, which gave markets a weaker undertone. We are also told that while the car situation is slightly easier Southwest, probably due to recent heavy arrivals of grain at terminals which creates empties, there is a scarcity in the corn belt, and this is holding up the movement from both Illinois and Iowa. The United States is still the dominant factor in the export market for wheat. World shipments, including flour for the week ending October 23rd, were nearly 17 million bu, and since August 1st they have totaled 230 million bu, of which 148 million bu was cleared from here. The balance comprised 40 million bu from Canada, 28 million bu from Australia, 8 million bu from Argentina, together with Black Sea shipments of about 5 1/2 million.

The weather forecast is also more heartening, and our weather man believes that there will be rains in western Kansas, western Nebraska, and possibly central Kansas, and while this letter is being written we heard of 3/4 inch rain that fell at Liberal. So apparently there is more relief in sight than had been indicated, according to the five-day outlook. We have found so often that in looking too far ahead it is difficult to have such accurate reports, even with the improvement in technique now being employed.

Primary receipts of wheat were 1,281,000 bu compared with 2,731,000 bu last week, and 3,420,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 727,000 bu.

Trade was not particularly heavy, but the corn market which was quite weak early showed pretty good recuperative power, and there were several brokers on the buying side of the market, which might have been against export sales or in anticipation of some new business. In wheat, there was not much speculative interest, but flour business has tapered off to small volume, and mills report only a nominal demand, with inquiries too limited to suggest much immediate spurt in bookings. We find in the Southwest that warehouse receipts were offered a little more freely, but still CCC is in the market, and yesterday purchases at Kansas City were 1.4 million bu of wheat, 215,000 bu of corn, and this naturally is a sustaining influence. In the Northwest, they purchased 675,000 bu of spring wheat, a small amount of winters and also some flax. Buying of oats was by eastern interests, with some orders also from the Northwest, and this cereal held relatively well.

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CHICAGO, 4 October 29, 1948

The wheat market opened slightly lower, and there were probably several reasons for the somewhat easier feeling which existed. First of all, overnight rains which had been forecast developed, but were moderate and were confined mostly to western and central sections of Kansas, Nebraska, and also eastern Oklahoma. Chances are that more moisture will occur in those districts, and as a matter of fact, unsettled conditions are likely for the Southwest, with scattered showers tonight and probably Saturday, except that it will be fair in western Texas. Temperatures should continue mild. It is also possible that we shall have precipitation tonight and tomorrow over parts of Iowa and Missouri. Moisture coming at this time is extremely beneficial if it is sufficient to start the wheat plant to germinate and promote growth. However, if we only get a moderate amount of rain so that the plant starts its growth but later dies, this moisture might be more harmful than beneficial.

However, the trade seems to feel that after a prolonged period of drought this moisture may be a forerunner of greater relief, and at least during this period there seems to be some hesitancy on the constructive side of the market, particularly since new export business may not be put through immediately. We believe that while Italy has purchased 8 cargoes within a week or ten days, they may complete their allotted program, and with that in mind there is bound to be some support from time to time. Furthermore, CCC has been extremely active during the last few days, and as we pointed out yesterday, they had acquired considerable grain in various parts of the country. This necessitated the removal of hedges, although it was more pronounced in outside markets than here. As an offset the country has sold reasonably large amounts of cash wheat, and it has been noticeable in the Southwest that liquidation of warehouse receipts has been much heavier in the past few days than earlier. In fact, we know of one instance where an elevator concern bought 100,000 bu wheat; so in the aggregate quantities might have been quite heavy.

Until now weather has not been too favorable for completing harvesting of the milo crop in Texas, plus the fact that cars have been extremely scarce. This has created a tight situation, and probably a temporary scarcity in that market, as shorts who had commitments either with the government or with direct exporters were forced to cover. However, it is quite an unusual situation when milo and corn are selling at practically equal prices. Verylikely most foreign countries would derive more benefit in buying corn for feeding purposes than by taking milo at present price levels. We believe there is only one country: namely, India, which uses milo for human consumption, and their purchases during the past two years have been very considerable.

In view of the public information polls, which leave little doubt as to next Tuesday's election, the grain trade is naturally wondering who the next Secretary of Agriculture may be, and the chances seem to favor Mr. Clifford Hope, who undoubtedly will be in favor of continued farm support prices for agriculture, and in fact, he has so expressed himself quite vehemently at one of the recent meetings in Chicago. Therefore, there is little reason to believe that there will be much of an immediate change in our agricultural policies after January.

Primary receipts of wheat amounted to 1,499,000 bu, whichcompared with 1,655,000 bu last week and 2,251,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of nearly one million bu. When the visible supply is posted on Monday it will compare with a decrease lastyear of 2,280,000 bu.

CCC purchases were again very heavy. They bought 2.1 million bu wheat yesterday through their Kansas City Regional Office, and 470,000 bu corn. At Minneapolis they bought 1,676,000 bu spring wheat together with 160,000 bu of winters. Chicago office purchases of wheat were negligible, but on their corn bid equal to about 1 1/4¢ over our December they bought 660,000 bu, which may have mostly originated east of Chicago, as it is to be exported via Atlantic ports. Markets had a heavy tone on account of the country's willingness to sell wheat, and also meanwhile the corn pressure is heavy.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 1, 1948

The best news overnight was a report of rains over the southwestern areas, the heaviest general precipitation occurring in western Kansas, with 2 1/2 inches rain at Liberal but as much as 1 1/4 inches at Hutchinson, and more than 2 inches at Enid. Wet weather also extended to the Texas Panhandle and in placeswas very heavy there, but in any case it all comes at a good time before the ground freezes over and should be of immeasureable benefit to the crop, so that we are beginning already to get some rather optimistic reports. Besides this the domestic corn crop of 3,568 million bu is so large that some people feel that the surplus which cannot be immediately stored or housed will come to market and will be hedged. Today's estimated receipts at Chicago are 1,100 cars, which, of course, means that unless there is a corresponding amount of export business accumulations will gradually take place. Due largely to the fact that the United States production is so heavy, the world corn crop also has set a record of 5.9 million bu on basis of information available at the Office of Foreign Agricultural Relations. This would be about 25% above the 1935-39 average of 4.8 billion bu; therefore, it is some insurance that better feeding relationships will be possible, particularly as Europe is trying to rehabilitate its livestock numbers. The corn crop which is harvested somewhat later than small grains is far enough advanced in Northern Hemisphere countries to give a good indication of the outturn. In the Southern Hemisphere, however,corn is still being planted in the principal producing countries, and lacking official estimates, allowances for acreage are based on the best unofficial information available. Production allowances at this early date are, therefore, based on average yields.

The figures which the government gives are rather interesting, and disclose that yields for North America should be 3,753 million bu, Europe 671 million bu; no figure is given for Russia but 125 million bus is assumed which would be the same as last year. Asia is estimated at 630 million bu, Africa 272 million, South America 464 million, and Oceania 5 million, or a total of 5,920 million bu, which is likewise about the same percentage over last year as it was over the average prewar period.

Little attention was paid late Friday to parity prices, which were unchanged for corn but showed a 1¢ decline for wheat. Based on the October 15th computation it now makes wheat parity $2.20 per bu, rye $1.79, corn $1.60, oats 99.4¢, sorghum grain per cwt $3.01. The government points out that the one point drop in the index resulted entirely from the two point decline in rural retail prices. During the period, interest and taxes remained unchanged. It was the rural living costs which had dropped to their July level as a result of declines in prices paid by farmers for food, clothing, and household supplies. The most substantial price declines during the month occurred in meat and dairy products, although it was pointed out that usually a seasonal increase occurs from September to October in the case of dairy products.

When the visible supply of wheat was posted there was a pretty large shrinkage amounting to 4.1 million bu. This means that total stocks in all positions have been reduced to 161 million bu or 27 1/4 million bu more than last year. At Chicago, we had a decrease of 875,000 bu leaving only 5.4 million bu here which always brings up the possibility of whether or not deliveries on December contract may amount to much. The total U.S. corn visible increased 2 million bu, to a total of 4.2 million bu, compared with nearly 6 1/2 million bu last year. Oats decreased 1 million bu and there is less than 14 million bu in all positions or 11.8 million bu less than in 1947.

Markets were weakest early but there was a pretty good recovery in corn despite heavier receipts and the close was higher. Wheat was never under much pressure and, if anything, the May future seemed a little stronger than December suggesting that there may be some accumulations taking place on the theory that if prices stay below loan levels that there may be more wheat impounded between now and the end of the year. Milling demand is still very slow.

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CHICAGO, 4 November 3, 1948

The results of the election came as a surprise to most people, particularly as the public-opinion polls had all been considered as an accurate criterion in judging the future. In discussing this question with a number of friends, not one had ever known of a person who had been importuned by any of the Gallop or Roper interrogators, but yet past performance had indicated rather clearly that these prognostications were accurate, but apparently from now on they must be questioned, the same as the Literary Digest poll, which fell down so completely in trying to analyze trends.

When markets opened this morning stocks were very weak, and three or four issues had difficulty in finding new buyers except at sharp concessions, but commodities were very firm probably for the reason that most people are expecting a continuation of support tactics, although it was almost a foregone conclusion that these would be had regardless to whom the political victory might have belonged. Other news was of no particular significance. There had been rains reported over the Central States, as well as in Montana, North Dakota, and portions of Minnesota. Chances are that we shall have some precipitation tonight in western Kansas, which, of course, would be very helpful. As we get additional reports from the southwestern areas, we find that rains earlier in the week were very substantial over many areas. At one time it did not appear as though the Texas Panhandle had received as much as some of the other sections of the country, but there was nearly 3 1/2 inches at Amarillo, and the same at Panhandle, Texas, with Dalhart, Claude, Pampa, Guymon, Oklahoma, and Perryton all reporting 1 1/2 to 2 inches. So it may now be regarded as the most general moisture since 1946, and will probably put winter wheat in wonderful shape before the winter sets in. The winter wheat acreage is very large, and one of our men writing from Amarillo tells us that from Plainview northward, it may be about the largest on record; in fact, he even expects more wheat to be seeded after these rains, as some of the producers intend to go ahead on that ground which was recently devoted to milo-maize, and where the crop has just been harvested. There might be as much as 250,000 additional wheat acres planted from Lubbock northward, but we do not have any estimates from other sections of the country.

According to the Northwestern Miller, a prominent ECA official who just returned from a survey trip abroad stated that it is a practical certainty that exports of wheat and flour from the United States will total 500 million bu for the season, and an additional 200 million bu coarse grains may likewise be exported. These figures are a little higher than some of the previous estimates, but with the present administration in power, and strengthened through the additional seats that have been gained in both House and Senate, we presume that they will consider it a mandate to carry out the Marshall Plan to its fullest extent, and this, of course, cannot be termed bearish on commodities. Support prices were favored by both parties but at least there is little doubt now as to liberal treatment for farmers, which may likewise have been one of the reasons for the strength in Democratic voting, as there apparently is great satisfaction expressed pricewise, and it is very seldom that farmers receive big returns for their products at the same time that acreages are large.

Primary receipts of wheat today totaled 2,037,000 bu vs 791,000 bu last week, and 992,000 bu comparable day last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 207,000 bu.

Grain prices remained firm throughout the session. It was evident that domestic flour business was at a better rate; the PMA bought flour on the west coast and, we understand, are scheduled to ask mills for offers before Friday morning at the Gulf. The CCC continues to purchase substantial quantities of wheat, their Kansas City office in the period ended Tuesday, reported 1,425,000 bu of wheat was acquired, 625,000 bu of corn, and 350,000 bu of milo. Also their Minneapolis office purchased 500,000 bu rye, which considering the small stocks is a considerable quantity. Processors showed very little interest in the bean market, with spot prices running about 8¢ under the November track country stations, equivalent to approximately 3¢ over track Chicago. Cash corn in relation to the December future was about unchanged from Monday.

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CHICAGO, 4 Nov. 4, 1948.

Wheat statistics do not change from day to day, and surprisingly little is heard from Southern Hemisphere. Therefore, we must assume that when Argentina and Australian crops are gathered exports from those countries will be only moderate, and Australia, which raised its banner crop last year, is not likely to repeat as weather conditions have been much less propitious. Taking our own figures we had the second largest wheat crop in history, amounting to 1,284 million bu, and, of course, this would prove burdensome except for the fact that our export program will probably be nearly as large as last year, and according to some of the FCA officials it might even be somewhat bigger. In any case, the domestic disappearance may total about 750 million bu, the reduction from the season before being due to smaller amounts of wheat going to animals, which is quite natural, in view of the bumper corn crop. It now looks as though the home distribution of wheat would be as follows: Food, 510 million bu, feed 150 million, seed and industrial use 90 million. Last year we fed 179 million bu wheat, which, of course, was a tremendous reduction from the earlier estimates. We are always reminded that during the war when OPA prices were in effect, 486 million bu wheat was fed to livestock, or almost as much as is ordinarily consumed by bread and cereals. However, we seem to be gradually getting back to normal for before the war about 117 million bu was all that was generally fed, but the chances are that a good many farmers who have now accustomed themselves to feeding wheat to animals will continue this practice. To sum up --with a crop and carryover of 1,479 million bu, and domestic disappearance probably amounting to 750 million bu, plus 450 million that may be shipped abroad, we should end the season with more than 275 million bu, which, of course, would be the largest quantity in some time. However, our population is growing, we have more storage space in the country, and with reasonable amounts probably impounded under the loan this does not seem to be a burdensome supply.

The overnight weather did not show much additional rain anywhere,but it is still damp and unfavorable in the corn belt for movement of the crop, and for that reason neither the bookings nor the offers today were heavy, and some traders attributed it to weather, which they think is only of a temporary nature. However, it remains to be seen whether we are going to build up big reserves this season, and it has been our opinion for some time that the only corn moving from the country was the surplus which could not be housed, and before very long it seems quite likely that the same pattern which we have had in the past, and which was experienced in wheat, would also be reflected in corn. It is particularly true of the latter cereal for the reason that the loan level is so much more attractive than the market that every effort will be made to keep corn back on the farm. Furthermore, 85% of the crop never leaves the county in which it is grown; so it is always natural that farmers hold a big percentage of their corn in the country, particularly as such large amounts are fed to livestock.

The government publication, THE WHEAT SITUATION, which was published August 3rd, stated, "The loan program and heavy movement into storage is expected to strengthen prices as the season advances." This forecast apparently is finding fulfillment, and we agreed completely with the theory although recognized that it might take time to eat into our reserves. We have not seen any figures lately on the quantities that have been placed under loan, or that are included in the purchase agreements, but between now and end of the calendar year more wheat is very likely going to be impounded, but nobody can foretell just how much as price is the important factor. We find some storage wheat in the Southwest being sold but whether this means redemptions or simply the sale of wheat that had been stored is also problematic.

Primary receipts of wheat amounted to 1,196,000 bu compared with 1,281,000 last week and 1,791,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 466,000 bu.

Despite the forecast for rather general rains in the Southwest, the heaviest which will probably occur in central and eastern sections, markets were strong but there has been heavy short covering during the past two days and best buying has come into July, thus narrowing the spreads in relation to the nearby months. Domectic flour business is slightly better but with the moisture that we have had recently we believe there is a limit to how high December wheat will sell particularly as it is now close to the loan level. On the other hand, May wheat looks comparatively cheap. Best prices of the day were not maintained and while corn was firm, it was due largely to the small movement from the country and general lack of pressure. No export business was reported but it is thought possible that there may be some inquiries

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CHICAGO, 4 November 5, 1948

Short-covering in grain for the past two days had probably weakened the technical position of the market; therefore, with the great weakness we had in stocks today and also the overnight rains, there seemed to be a reaction with not too much confidence expressed except for the artificial factors, which, of course, are still with us. The price of corn has declined more than seasonal in recent months. In mid-October the average price received by farmers for corn was $1.38 per bu. This was 64¢ lower than last July and was 6¢ below the national average loan rate. Chances are, however, that the loan programs for feed grains will be more of a price influence this year than in any of the last few years. Despite the tremendous corn crop, farmers are showing a great tendency to hold on to their product except for the surplus which cannot be stored immediately, and which is coming to market. Chances are that we shall have clearing skies by tonight or tomorrow, and it remains to be seen then whether corn will move any more freely than it has during the past few days under wet weather conditions. There can be no doubt that we had an unusually good season, and during most of September and October weather was entirely satisfactory for maturing and drying the crop. Thus, a record quantity of good quality corn is now assured.

Total supplies, including the small carryover, is close to 3.7 billion bu, or about 270 million bu larger than when we had the previous record crop in 1946. The total supply of all feed grains this year, estimated at 143 million tons, also is the largest on record. Despite these factors and the big wheat crop there is no great pessimism felt probably for the reason that exports, plus impoundings, are preventing the pressure that we might have under other conditions. By the same token, trade is beginning to look a little further ahead to see what the export outlook might be one year hence, if average crops are produced in Europe. With the recent moisture that we have had in this country, it again looks, on a big acreage, as though we could produce a billion bu or more wheat. Of course, with better fertilizers, more intensive cultivation, and improved farming technique, there does seem to be at least the possibility of reaping a crop of that size, as conditions are now obviously ever so much better than they were a year ago. One thing, of course, is very optimistic in this whole situation: namely, the big supply of feed in relation to livestock numbers. Despite large quantities of grain, however, used for domestic food and industrial purposes, and probably even heavier exports, the carryover of corn, oats, and barley at the close of the marketing year is expected to be more than double the small stocks we had on hand at the beginning of the season. Most of the increase will be in corn, but this does not necessarily mean a low price level. First of all, the last carryover was so insignificant that it was almost impossible to make ends meet. Furthermore, we expect rather large quantities to be impounded under the loan. Consequently, the amount available for commercial purposes might not be at all burdensome.

Primary receipts of wheat were a little over a million bu compared with 1,499,000 bu last week and 1,873,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 789,000 bu. The wheat visible is apt to show heavier shrinkage than last year, and when the figures are posted Monday, they will be compared with a 1 3/4 million bu decrease in 1947.

After mid-session there was considerable recovery in all pits. Some export business in corn was put through early and possibly some hedges taken out of the pit. Locals sold both corn and wheat futures early, probably influenced by the great weakness in stocks, and there was considerable short-covering later on. Very likely some export business in wheat was either put through or is in the making. There may have been some hedges bought in anticipation of this business, and with offerings quite light the market responded, with December the strongest future, although the deferred months also closed higher. There were less than 500 cars corn in Chicago today, which is not particularly big during the period when ordinarily we accumulate grain. Bookings were only 2,000 bu, indicating little anxiety on part of farmers to sell. All this had a strengthening influence, and at the close tonight sentiment seems to be quite bullish. Trade in wheat broadened materially, and the turnover showed improvement over recent days.

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CHICAGO, 4 November 8, 1948

Bullish sentiment has been somewhat tempered during the past week by wonderful moisture that we have had over the greater part of the winter wheat belt. There may be a few sections which still require rains before the ground freezes, but on the whole the outlook is very much better than it was a year ago at this time. There was some additional moisture over the week-end in central and northeastern Nebraska, and some rain and snow along the easter slope of the Rockies, while practically all other sections reported fair weather. On the other hand, the outlook is for rain mixed with snow tonight or Tuesday in the Southwest, while the Central States will probably experience unsettled weather with rain tonight or Tuesday, except snow in Iowa. This is not particularly favorable for gathering of corn but will be regarded as helpful to wheat, although there seems to be other considerations at this time which were more of an influence on the market.

It became known that the Department of Agriculture had granted supplemental export allocations for several items including 70,000 long tons of sorghums and oats destined for the bi-zone areas in Germany, and will be mostly under PMA procurement. It is generally believed that the quantity of oats will be small, and that possibly 6 or 7 cargoes of milo are included in these shipments. In addition to this, Dr. Fitzgerald, Food Chief, pointed out that peak grain exports would probably be witnessed in the current season, and he reiterated that clearances of wheat and flour might run as high as 475 million bu but that other grains might not reach 225 million bu, which some Department of Agriculture officials had mentioned earlier. In any case, the total, in his opinion, might reach 650 million bu, which would compare with 580 million bu grain exported last season, and would be a new record for all time. He also stated that Europe had been warned to get its economy in order within four years, and if this is the case we can foresee the possibility of their wanting more machinery in order to improve farm mechanization as time goes on.

When our market opened corn prices were inclined to be a little lower, as apparently the export business is slow in developing, but we believe it is only a question of time before CCC will become a very important factor. Meanwhile, we heard from the East that Belgium and France were in the market for soybeans, although we did not hear of anything definitely put through. The country is not selling corn, and we believe it may be difficult to accumulate supplies during the period when ordinarily receipts at terminals are heavy. In view of the fact that we shall still have to figure on exports of 100 to 150 million bu corn, it impresses us as being somewhat bullish in spite of the tremendous crop, for the reason that shipments of this size will have to come out of terminal stocks; therefore, the comparison should be made with the primary movement rather than with the total size of our production. This may all require some time, and at the moment the December delivery is selling about 4¢ under May, which does not suggest an immediate scarcity, but much will depend on the surplus that the farmer has to move if he is unable to get sufficient crib space to put the greater part of it under the loan. Apparently the answer is being found at the present time in that the number of cars arriving is not burdensome, although some traders insist that inclement weather has retarded operations at least temporarily.

When the visible supply of wheat was posted, there was a decrease of 5 million bu which has reduced total stocks in all positions to 156 million bu, compared with 132 million bu last year. The corn visible showed an increase of 6 1/4 million bu and we now have 10 1/2 million bu in the total supply or 3 million bu more than in 1947. In oats, an increase of 140,000 bu was registered but it seems difficult to maintain even a moderate reserve in any of our terminal markets. Chicago wheat stocks were cut heavily with 837,000 bu having been shipped from here during the week leaving only 4 1/2 million bu in the various elevators. Corn stocks locally increased 3 1/4 million bu, but, of course, this is the time when accumulations are bound to take place.

Trade paid most attention to prospective exports and the lack of pressure and markets, after some hesitancy early, all advanced, and we would say that sentiment is quite friendly to cereals on the theory that between the shipments to Europe and the impoundings that there can be no very drastic declines. The Australian wheat crop has been improved now since the recent rains occurred and 191 million bu is being forecast. However, domestic utilization is heavier and about 78 million bu will probably disappear in that country but since they carried over 16 million bu the surplus for export may still reach 130 million bu.

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CHICAGO, 4 November 9, 1948.

There was very little change in the tenor of overnight news. Some rains had been forecast for the Southwest, but in the main they were light and occurred mostly over eastern Kansas, and were quite scattered over Oklahoma. It was starting to rain in the corn belt early this morning, and, of course, this is not too satisfactory for gathering of the crop, so that together with export business that seems to be developing markets opened somewhat higher. It becomes more apparent that it will take some time to build up reserves even with the tremendous crop that we have raised. First of all, the carryover had been reduced to 126 million bu, which was approximately 160 million bu less than a year earlier and less than one-fourth of the large stocks of 1939, 1940, and 1941. As the Department of Agriculture points out, farmers this season are harvesting their first 3 billion-bushel crop of corn as grain. It is true that we have had production exceeding 3 billion bu, but the quality of grain in the past was such that a good deal did not qualify for commercial purposes --some went into silage or else was fed on the farm in one form or another. Weather during September and October was extremely favorable, and it is figured that from a crop of 3,568 million bu, as much as 3,220 million bu will qualify as grain, which is certainly a high proportion of the crop, and this compares with only 2,153 million bu for grain a year ago. Adverse conditions last year had overtaken the crop almost from the time it was planted. It may be interesting to note the great progress we have made through mechanization, improveed seed, etc., and the indicated yield per acre, taking the country as a whole, showed 41.7 bu, which is nearly 5 bu higher than the peak yield obtained in 1946, and is about 10 bu higher than the ten-year average.

In any case, all these favorable factors are being somewhat ignored for the reason that a large export business is undoubtedly going to be a big help inpreventing sharp price declines. As a matter of fact, corn prices had dropped 50% from the January peak by the close of October, as farmers began harvesting their 1948 crop. It was a foregone conclusion that some corn, particularly that which was damp and could not be easily stored on farms would probably be sent to terminals, which, of course, has been a factor. There is still quite a quantity of wet corn coming in which is being discounted, as the elevators are only in position to dry a certain quantity each day. On the other hand, the trade fully realizes that after another three or four weeks, unless prices recover materially, the impoundings are going to be very heavy.

Despite all talk of high living costs, we hear already that when Congress convenes in January, certain groups are going to protest any reductions in the support program, which has already been suggested after 1950 under the Aiken law. Senator Thomas said that he would see to it that the farmer gets 90% of parity and no less on basic commodities. While this is already the program through 1949, there is a provision for a flexible scale of supports thereafter, so that under certain conditions the drop might be as low as 60%. Senator Thomas added that bills would be introduced in both Houses on the first day of the next Congress to cut out these flexible price supports. He also indicated that he expected little trouble in getting these revisions to favor farmers, particularly as practically every Senator has farm constituents that he wants to help.

Primary receipts of wheat amounted to 1 1/2 million bu; there were no comparisons with either last week or last year, there being holidays on both occasions. Kansas City and Minneapolis stocks so far this week show a net decrease of 85,000 bu.

Our market was inclined to be rather strong; in fact, export business in corn, mostly to France, probably took some hedges out of the pit. However, there was a sympathetic reaction on one or two occasions when the stock market became very weak, and apparently selling in grains was for that reason, but the underlying conditions are not bearish, and apparently there are enough people who have confidence that when prices are below loan levels purchases are in order. This gives the market a pretty good backlog, and we still believe there are opportunities on the constructive side of the market, particularly in corn, although for the next two or three weeks there will be offsets as countryselling affords some pressure.

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CHICAGO, 4 November 10, 1948

There was no special news overnight, but the trade was impressed by the great strength displayed in commodity markets yesterday, despite weakness in securities. It seems that the commercial demand is keeping up pretty well, and the recent advance in wheat has given more confidence to flour buyers, with the result that mill capacity is up to about 75%. This is definite improvement over the small business which was expected earlier. Likewise there seems to be some export business in corn each day, and while there is still a lot of damp corn coming to market, which can be dried, it remains to be seen whether we are going to build up sizeable stocks at terminal markets. Our own opinion is that there will continue to be some pressure for possibly a month, but even the spread between December and May corn has narrowed a cent or so during the past few days. This indicates that others may be thinking similarly, and that with the foreign demand deliveries on December contract may not be heavy. If we are right in this assumption, then we also feel that May corn at about even money with July represents some spreading possibilities, buying the nearby and selling the deferred. In any case we do not look for a carrying charge of more than 1 or 2¢, so that losses are pretty well limited. Moreover, if the demand is sustained and stocks are not burdensome, we might find that May corn will finally sell at a considerable premium over July as time goes on. We also feel that regardless of European grain conditions, shipments from our country will continue and will finally make a considerable inroad on our accumulations.

From all we gather, support prices will be favorably considered by the new Congress, and it is very likely that subsidies will likewise be continued, and possibly they are here to stay. We have seen a similar movement in Britain except that more emphasis is given to the price paid by the consumer and many articles are kept artificially low in order to satisfy the housewife. We may finally be driven to that ourselves, particularly if support prices remain high and if commodities are at a level where the cost of living continues to be a hardship to many of the people in lower income tax brackets. While it is still probably, and in fact, likely that we shall have a fourth wage increase, nevertheless, living costs are a very important item, and food still represents 20 to 25% of the family budget. All this, of course, will take money, yet it seems to be more than a possibility.

Some rain is expected tonight or tomorrow over the northern sections of the corn belt but not much for the Southwest. There has been great relief, however, in the winter wheat belt except that some complaints are coming from western Kansas. In any case, crop prospects are ever so much better than they were a year ago at this time, and there is again talk we may have to deal with a billion bushel crop next year and a considerably bigger carryover reserve, which somewhat tempers bullish enthusiasm at times, but on the other hand, it seems quite remarkable that when cash wheat has been selling several cents over the loan, liquidation by farmers has been so light. Apparently they have changed their views somewhat during the past week or two, as the market advanced, and we find that selling by producers is still limited, although there was a little pick-up today.

Primary receipts of wheat today totaled 500,000 bu compared with 2,037,000 bu last week, and 3,298,000 bu comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 258,000 bu.

The Kansas Weekly Weather and Crop Report states that wheat made good progress over most of Kansas during the past week, as a result of more favorable moisture conditions. However, less favorable conditions prevailed in parts of the western section of the northwest districts.

A more cautious attitude was taken in the market today, due to the wildcat strike called by 15,000 dock workers on the New York waterfront. It is not known how many men will be involved, but there is a possibility that the strike could spread to tie up all shipping on the Atlantic, and even possible at the Gulf. If this should take place, it would naturally slow up the export shipments, causing supplies to backup in the interior.

We heard a few complaints from sections of Indiana that corn which had been cribbed too wet is going out of condition. Should these complaints come from a more extensive area it might cause heavier marketings at large discounts, due to the fact that the corn would not be eligible for the loan, with conditions arising such as we witnessed not so many weeks back in wheat in Kansas. There was an easier tone in all pits, which included beans in which the advance recently has been rather rapid.

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CHICAGO, 4 November 12, 1948

After the close of the market Wednesday, the November crop report was issued indicating a corn yield of 3,650 million bu. This was an increase of more than 80 million bu above the previous estimate, and, of course, could be regarded only as somewhat bearish, because 80 million bu is a good proportion of the corn we intend to export to Europe. However, it still remains to be seen whether the amount coming to market will be muchheavier, and, therefore, the increase did not have as much influence as one might have expected. There were a good many people who last month had looked for a big increase, and we have heard some conversations from time to time that the crop was probably underestimated, which so often happens when we have bumper yields. Moreover, there seems to be a feeling that the heavy movement will last for only another month or so because of the fact that farmers are more concerned with trying to store all they can. It is largely a question of crib space, general farm storage, and snow fences which will determine the quantity that finally moves from farms although, of course, quality likewise has something to do with it, and because of wetness there may be a little heavier movement, but this is regarded as more or less of a temporary affair. The government report with respect to sorghums and soybeans was less important with an increase of 1 million and 5 million bu respectively for these grains. There was another factor early; namely, the longshoremen's strike, which apparently seemed to be spreading, but this too was belittled on the ground that strikes are only temporary, although trade was naturally going to watch this item very carefully because if the workers should stay out for any length of time, it would naturally lessen the amount of shipments from the United States. It is generally pretty difficult to make this up as some boats are diverted and the natural consequence is when the ports are not operating for a certainperiod, it, of course, means a loss of business.

Despite all these considerations wheat opened very strong, and there was some milling business, both domestic and through PMA sources. After all, we are still the most important country in furnishing supplies abroad. As we look at Southern Hemisphere exports, we find that wheat and flour shipments from the Argentine to non-European countries have increased a little during the past few weeks, but summing everything up we find that since August 1st only about 9 million bu wheat and flour has cleared from that country compared with 20 million bu last year, and more than 25 million the five-year average, 1931-35. The story is a little more optimistic with respect to Australia, and shipments are continuing at a fairly active rate. During the two weeks ending October 16th, more than 4 million bu cleared. The destination of these shipments was large to the United Kingdom, although 8.6 million bu went to other European countries and 3.8 million bu was estined to India. The total for the same period as mentioned above was 24.6 million bu, or virtually twice as much as last year.

Primary receipts of wheat for two days amounted to 1,744,000 bu compared with 1,044,000 bu last week and 2,147,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 584,000 bu. When the visible supply is posted Monday it will compare with a shrinkage last year of 1 3/4 million bu.

Markets were surprisingly strong in view of all the news, and at one time wher a small segment of the longshoremen's strikers was claimed to be satisfied with the increase in wages offered, there was a fairly good rally but apparently there are still a good many questions to be settled.

Some moisture was reported in central and eastern parts of Kansas, probably more to come. The November government report stated that, "Fall seedings, particularly of wheat, were retarded and in some sections jeopardized by the lack of rainfall and soil mosture which was so favorable for matured crops. Despite delays because of difficulty in soil preparation and dry seedbeds, seeding intentions were nearly realized by November 1. Operations were continuing in November as rains improved conditions for seeding and fall growth."

According to Mr. Colvin, of the Federal Mediation Service, an attempt will be made to seek a basis for settlement of the East Coast dockers' strike at a conference in New York later today. He added, however, that the government had no formula to submit and he was pessimistic over the chances for an immediate settlement.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 15, 1948.

There was not a great deal of news over the weekend. Weather was mostly clear, and it will probably remain so with somewhat higher temperatures. This is on the favorable side although there are still some sections in western Kansas where recent rains skipped certain territories; therefore, bringing in complaints. But on the whole the outlook has been very much improved, and with possibly 16 million acres sown in Kansas, chances still favor a big crop for that State. We always stress Kansas far more than any other state in the Union, not solely for the reason that two years ago they had a wheat crop of close to 300 million bu, but because even in normal times they produce about one-fourth of our home consumption. Even last season more was produced than is ordinarily raised in Australia, and nearly as much as is generally grown in the Argentine. It was not surprising in view of improved soil conditions generally that the trade is again talking of a billion-bushel wheat crop for next summer, a promise which if fulfilled would give us the sixth successive yield above that astronomical figure. We use that term advisedly due to the fact that only once before; namely, in 1915, was the crop that large, and in that year for the first time slightly over a billion bu was raised. Of course, with the many hazards still ahead, and nobody knowing what percentage of abandonment or winter kill might take place, it is probably foolish to make too many calculations except that we have to assume average conditions from this time forward. In view of the large crops that have been raised in recent years, we presume that the International Wheat Agreement will be revived, and possibly other multilateral agreements covering international affairs.

The way this Wheat Pact was originally set up, France presumably would import 35 million bu wheat, but the chances are that with another good crop next season she may turn exporter, as, indeed, was the case before the war when big crops were harvested. Likewise, with Argentina and Russia not seeing eye-to-eye with us on matters that might otherwise be of common interest, we still have our grave doubts as to the final success of any such plan. Then, of course, the Congress will also concern itself with many other problems such as the possibility of permitting CCC to build grain bins in view of what was claimed happened this summer when some difficulty was encountered in getting all of the new wheat crop housed at one time. Obviously, it is difficult to have enough storage space when bumper crops are had in all cereals, and when we have about 7 billion bu grain to store it in order to prevent some from coming to market after harvest. However, from an economic point of view, it is also debatable whether such planning would be in the best interests of our people because we have seen already unnatural shortages created in the midst of plenty when artificial factors were adopted. Chances are that we shall not know for some time yet whether the export business is to be returned to governmental agencies or whether the original plan for letting the trade operate will stand according to the last directive. All these are matters which will unfold serially as time goes on.

The wheat visible decreased 3 3/4 million bu leaving stocks in all positions 152 1/4 million, which is still about 22 1/2 million bu more than we had a year ago. At Chicago with 1/2 million bu decrease, total stocks are down to 4 million bu. The corn visible increased 5.4 million bu, so that there is nearly 16 million bu in all positions, or 7.7 million bu more than last year. Oats decreased 2 1/4 million bu, cutting stocks to 11.8 million bu. This is 10 1/2 million bu smaller than last year. Chicago stocks of all grains increased 526,000 bu, so we now have a total of 17.2 million bu in this city compared with a rated capacity of about 30 million bu.

Wheat was firm right from the start, flour business was rather slow, but some interest continues from thelarger chains, and mills are running fairly well, plus the fact that new business might be likely at almost any time. The main feature to this cereal is that there is just no pressure from the country, even though December wheat and cash wheat are now selling well above the loan level here in Chicago. There was some hesitancy in corn early, but bookings from the country are not heavy, and even estimated receipts of 882 cars for a Monday during the height of the movement is not considered burdensome. There are negotiations in the East trying to settle the longshoremen's strike, but we did not hear anything which would indicate an immediate settlement. However, today's buying may have been based on the theory that these labor disputes may not last too long in view of the great importance involved in a commercial tie-up of this kind.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 16, 1948.

Under the European Relief Act private trade facilities were to be used to the greatest extent practicable in the export of commodities. Acting under this provision, ECA had ordered that on and after December 1st, the grain export business should be returned to private channels to all countries except those for which the Army was responsible. As we understand it, President Truman has now suggested that Commodity Credit Corporation continue in the field as heretofore, but from the information that we gather the matter has not yet been definitely settled. There are, of course other considerations insofar as the government would compete with its private citizens, but the most important factor, as we see it, is the efficiency, and we believe that a final decision should be rendered on basis of who can do the job best. As far as allocations are concerned, they could still be used even if the business were handled privately. Probably one of the next questions to be brought up in Washington will be the support program, and as Senator Aiken points out, a flexible price support program was pledged by the last Congress, and apparently had the administration's approval, including the Department of Agriculture and major farm organizations. Should the flexible plan be adhered to, then in all probability there would not be the necessity for building additional grain bins in the country, but if the loans are continued at a high or unrealistic level we feel as we always have --that the accumulation of unwieldy and unmanageable surpluses may result, thus creating artificial conditions, as was the case in the past. For example, prices that were held up by government programs were responsible for a situation during the Farm Board Era when wheat stocks accumulated year after year as our export markets were lost.

The following figures demonstrate what we have in mind with respect to carryover surpluses:

Year Beginning July 1st	Stocks, July 1st (mill.bu)
1928	113
1929	227
1930	291
1931	313
1932	375

If we projected this further, when the AAA program became effective in 1938, we might give similar figures for a six-year period, which will show that the carryover reserves mounted even higher during the later period:

Year Beginning July 1st	Stocks, July 1st (mill.bu)
1938	153
1939	250
1940	280
1941	385
1942	632
1943	622

We have had considerable experience now with the 90% of parity loans and might point out that in 1938, the impoundings of wheat were not too heavy, although they amounted to 85.7 million bu; in 1939 when farmers understood the plan better there was an increase to 167.7 million bu; in 1940, 278.4 million bu came under the loan; in 1941, 366.3 million bu; and in 1942, the peak was reached when 400.1 million bu was placed under federal loans. We do not give the figures from that time on for the reason that during the war we started to eat into our surpluses, but by the same token we are quite confident that had it not been for that factor there might have been a complete breakdown because obviously accumulations cannot continue forever without causing great problems both with respect to storage and also to the price structure, because finally it might mean dumping of grain on world's markets.

Primary receipts of wheat amounted to 1,322,000 bu compared with 1,513,000 bu last week, and 2,858,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 160,000 bu.

Trade today was reasonably good. Flour demand seems to be fair and persistent market strength is probably bringing more inquiry, and some business. The trade continues to feel that if the country doesn't offer much at the present time, basis of December wheat, which is selling considerably above loan levels, that we may have the same type of strength later in May. The strike blockade is tightening but this is not regarded as much of a market factor in corn. Chances are that farmers will hold on to whatever they can particularly while prices remain below

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 17, 1948.

There was considerable mill activity overnight, and this apparently was true both Northwest and Southwest. Undoubtedly a good business in family flour trade had taken place, which meant the removal of hedges, which again gave us great firmness. The market has advanced to an extent now where old-time and experienced traders are somewhat baffled by the market, particularly with so little wheat coming out from the country even though the nearby deliveries and cash wheat are selling considerably over the loan level. There was quite a little moisture over the Central States, but it has now cleared and is somewhat colder. However, there was no further relief in the Southwest.

European wheat seeding is progressing satisfactorily and many regions have had rains recently, which has materially helped the condition. Efforts are being made in France to raise a crop large enough to realize a surplus for export next season. Weather is now favorable. Under the original plan under the International Wheat Agreement, France was to import 35 million bu, but we could easily visualize where next season with average or better crops they could become exporters. In Australia harvesting of new wheat in the early areas has started and yields are exceeding expectations. The crop is now estimated between 182 and 192 million bu, which is somewhat better than earlier forecast, but compares with last year's bumper crop of 228 million bu. Following the heavy frost in Argentina, their crop is now placed at 184 million bu compared with 235 million bu last year. Farmers are now seeding corn in the late districts, and shipments from the old crop continue. They raised 220 million bu last season and all but 47 million bu is now said to be disposed of. The Canadian Wheat Pact with England for next season will have to be settled before end of next month. Negotiations will start soon, and it is figured that the wheat price will be fixed somewhere between $1.50 and $2 a bu, basis Ft. William. This would mean between $1.68 and $2.18 FOB seaboard for Manitoba #1 northern wheat.

Corn was again strong despite the fact that there seems to be no imminent settlement of the longshoremen's strike. There seems to be a rather bullish sentiment on the belief that after the wet corn has been moved farmers will continue to hold on to the bulk of their crop unless prices advance to above loan levels. The cattle feeding situation to the end of October points to a volume of feeding about the same or slightly larger than last year. However, it is noted that there is even a greater abundance of feed grain supplies than was indicated a month ago. During the latter part of October cattle feeders showed considerable activity in purchasing feeder animals, and this was still being maintained during the early part of November. Cattle feeding in the corn belt is likewise expected to be about the same as last year. However, the situation is quite variable with several corn belt states indicating probably small decreases. Feeding activities in the western states are expected to be somewhat larger than last year, chiefly because record numbers may be fed in California and in Colorado, and the number fed in those areas may nearly equal last year's record. Little or no wheat pasturing is available in the Great Plains for cattle feeding, although rain in late October improved the outlook in the Texas Panhandle. The wheat pasture areas of Kansas, Oklahoma, and Texas suffered from lack of surface moisture to the extent that wheat suitable for cattle pasture feeding has been almost nonexistent. Yet rains which occurred during the last week of October have improved the outlook in the north Texas Panhandle, and some wheat out there may soon reach a stage of growth suitable for pasturing.

Primary receipts of wheat were light today and amounted to 676,000 bu compared with 500,000 bu last week and 594,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 404,000 bu.

Apparently a good deal of the export business is now being pushed toward the Gulf ports and there is talk that Houston, Texas is becoming congested and there may be an embargo or at least a permit system necessary unless ships relieve the storage situation in rather quick order.

Best prices of the day were not maintained, and, of course, recent advances have been rapid. The same referred to soybeans although it is still not easy to buy cash beans either here or in the Southwest. As a matter of fact, the holding tendency on the part of farmers has been largely responsible for much of the recent upturn. In other words, there has been lack of pressure in all pits.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 18, 1948

There was some unexpected moisture overnight, mostly in the form of snow, which occurred in western sections of Kansas and Nebraska. In places it was light, elsewhere fairly good, but our weather man believes that there will be further precipitation. Thus there is finally relief where complaints previously had been registered.

There was also news before the opening that Houston had been embargoed, and apparently congestion at eastern ports is creating more of a problem at the gulf. There seems to be no relief yet in the longshoremen's strike, and nobody can be sure how long it may last. Apparently some of the farm organizations, despite their anxiety to get good prices for the producer, are mindful of the fact that supply and demand situations should not be completely overlooked. Nobody wants to see the return of the 1932-33 depression when disastrously low farm levels occasioned such a bad situation, and where many farmers lost their land. We recall, however, that the whole support program was first adopted on a modest scale, and has been constantly expanded to a degree that if continued would result only in disaster. In our market letters we have often pointed out some of the dangers in extending these programs too far. Therefore, based on past experience not only in this country but with respect to the sugar program in Cuba, the valorization of coffee in Brazil, an attempt to hold up rubber prices under the Stevenson Act in Britain, and many others, that artificial influences have too often in the past led to trouble. It is wise, therefore, that the farm groups who should be the most interested are beginning to discuss some of these pitfalls, but we believe that even legislators should be greatly interested because it would be embarrassing if similar policies were engaged in, and there would finally be a collapse due to the piling up of unmanageable supplies.

Feeling that there is no real substitute for free markets, we call attention to changes already taking place in Washington with respect to potatoes. The Department of Agriculture announced production goals for the 1949 crop, and there has been a 200,000 acre decrease in the acreage goal, together with support prices at only 60% of parity. Potatoes always have given more concern to the administration than any other commodity, probably for the reason that exports were not possible on a big scale and supplies mounting at various markets throughout the country finally created an untenable situation. They either had to be destroyed or used for feed, and thus it is now necessary to demand cuts in acreage so that producers will be required to comply with certain goals in 1949 in order to be eligible for direct price-support. Also, measures to help stabilize marketing will be included in the program. Secretary Brannan stated that he was reluctant in approving the lower parity loan and wanted it clearly understood that this would not be regarded as a precedent or the attitude of the Agricultural Department in stabilizing the general level of price supports under new legislation. However, there can be little doubt that high prices and large acreages are a contradiction, and whenever non-recourse loans on commodities are unrealistic and too high, ownership of the commodities will eventually pass to the government by default. As surpluses pyramid, they naturally exert a depressing influence on the price of current crops. Furthermore, when surpluses are stockpiled by the government and withheld from commercial channels, the situation becomes worse and worse, because prospective purchasers know that it is merely a question of time until the inevitable liquidation of such surpluses must take place.

Primary receipts of wheat, with Wichita missing, amounted to 1,255,000 bu. There was a holiday last week. A year ago, receipts were 1,756,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 713,000 bu.

Because of the fact that the longshoremen's strike was lasting for a greater period than had been expected and that Houston was embargoed, with the possibility that the same may occur at Galveston, there seemed to be a little more bearish sentiment. It was also felt that price advances lately had been rapid. Nearby wheat futures were above the loan. Moisture in the west was regarded as satisfactory. Altogether, there was less buying power and declines in wheat took place, which, in turn, influenced other grains. Fear was expressed that there may be some #3 corn delivered on contract which would depress the December delivery and this went to a wider discount under May. However, general pressure was not particularly heavy.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 19, 1948

There was some doubt in our minds a week or so ago whether there would be sufficient pressure to continue the 90% of parity loans, and it almost looked as though farmers would be given every possible consideration in view of the voting results in the Mid-West. However, it now looks as though the farm groups themselves were coming to the realization that in their own interests artificially high prices might do more harm than good. Nobody will deny that prosperity springs from the soil, and certainly there is every reason to desire that producers receive the highest possible price for their products. However, as grain men we recognize that the markets of this country may not be tampered with without injury in the end to the producer himself, and without detriment to the general welfare. Any permanent program which is based on a constantly rising loan price will only achieve the inevitable result of accumulating unmanageable and unworkable surpluses with resultant injury to farmers and to our economic system. Therefore, it is very reassuring that some of these fundamental factors are realized before it is too late.

The Illinois Agricultural Association yesterday reiterated its opposition to direct price control. Delegates also went on record supporting the Agricultural Act of 1948, which calls for a sliding scale of loans beyond 1949. This Association adopted a resolution to the effect that re-imposition of price control would of necessity bring rationing and production controls requiring bureaucratic enforcement machinery that would destroy Democracy in this country, according to a report in today's news. One of the other questions that will undoubtedly come up when the 81st Congress convenes is the question of the International Wheat Agreement, which was a controversial matter during the last session. According to the Wall Street Journal, Washington reports that the world wheat pact has little chance of being resurrected, despite revival efforts in the UN. Importing nations desire lower price provisions, which are not acceptable to the United States. We understand that the provision has been pigeon-holed but under its provisions we presumably would have been guaranteed yearly wheat shipments of 185 million bu, on a sliding scale of prices, although if supports had been higher, it would have required subsidies to make up the difference between buying and selling prices, and this is generally distasteful to the American people.

There has been no decision yet whether the export business will be handled privately or returned to CCC. Even on that question there seems to be controversy as several people in Washington who are eager for ECA relief in order to combat communism abroad feel as though we should take the intiative in showing the world that we believe in free enterprise and private handling of business rather than government controls, wherein the trading would be conducted by a central agency, which alone would dictate prices, thereby eliminating competition.

Before our market opened it became known that further substantial snows had been received over a wide area. Central and western sections of Kansas and Nebraska were favored, and this was particularly acceptable because it had been so dry over parts of the west, and apparently relief has now been afforded. However, this did not impart too much weakness to the markets, although first prices were somewhat lower. There was no improvement in the outlook for a settlement of the longshoremen's strike, although negotiations are still under way. In any case, CCC reported that it would entertain offers on corn and beans, which may have had a little stimulating influence, particularly on the nearby corn future, which of late has been so weak. However, our export program is being retarded and it remains to be seen whether any losses now sustained may be made up later on.

Primary receipts of wheat were 964,000 bu compared with 1,744,000 bu last week and 1,916,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 855,000 bu. When the visible supply of wheat is posted on Monday, it will compare with a decrease last year of 2,340,000 bu.

There was some hesitancy at the start, occasioned by wet weather and the natural improvement which must exist with respect to winter wheat. However, these tremendous appropriations by ECA for relief purposes suggest that the shipments from this country are bound to be big and apparently there was considerable short covering apparently in all pits. Buying started in wheat but later spread to other cereals, with the result that all markets closed practically at the top. July and September wheat registered seasonal highs.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 22, 1948

The recent advance in wheat has put prices up to levels exceeding loan values, and in many cases even above the level that would include accumulated charges on the pledged wheat. While the country selling has increased, it in no way can be called large, and has not to any measurable degree altered the situation. The heavy snows of late last week, and also more over the week-end were in areas of the Southwest that most needed relief, as some sections had had very little general precipitation in some time. Our own representative's observations around Enid made before the snowfall, were that there was a high percentage stand, and wheat was in all stages of growth from just up to 3 inches high. The further moisture from the snow will be an additional help.

At this season of year we look forward to reports from the Southern Hemisphere, as harvest gets under way. Satisfactory conditions are reported from Australia and the crop has been officially estimated at 190 million bu, which compares with last year's record of 228 million. Inasmuch as their carryover will be increased they should have close to the same amount as has been shipped this season. Since January 1st, exports were 118 million bu, and they had a surplus remaining of 45 million against 14 million the year before. These figures were up to October 30th and they have been shipping from 1 3/4 to 2 million a week recently. The Argentine over a week ago had a heavy frost, which cut down estimates materially, and their crop is now privately estimated at 185 million bu against 235 million last year. That country, however, is doing a poor job of shipping primarily because they have been holding their price too high and demanding payment in various currencies not always readily available to the importers. They have made certain concessions if payment should be made in dollars, Dutch guilders, or Belgian francs, and this probably seems necessary to this South American exporter as they have accumulated large currency balances against them. During the season, starting January 1st, in forty-six weeks, they exported 72 3/4 million bu wheat and flour, which was 1 million less than the season before even though the crop was considerably larger. They are normally figured to use about 125 million bu at home; so if their crop was correctly reported at 235 million bu, it would be assumed that they have sizable supplies left. Somewhat the same condition prevails in corn where they have kept their price high, and for that reason they have exported only 49 million bu since April 1st, which is the start of their season, and now they have run into the keen competition of the United States.

Corn receipts in Chicago indicated that the peak of the movement is passed. We had 550 cars in here today against 900 a week ago, and 1,200 and 1,000 the previous weeks, respectively. Chicago stocks of corn was posted at 8,966,000 bu at the close of last week, which was 2 3/4 million bu larger than the week before. If the run to market should continue to decline it seems that we have ample storage room here, as there is now less than 20 million bu of all grains, which is well under the capacity for the city. In a little over a week we will have the first deliveries, and it seems likely that some corn will be tendered. The outlet to the East is still quiet, because of the continued longshoremen's strike. Progress on settlement of that is probably being made because Washington officials have made encouraging remarks that settlement might be found within a few days.

Reports from one of the well informed grain firms downstate Illinois are that the run of corn to market will soon be over, and farmers are putting corn away in anticipation of receiving support prices later on.

Regarding soybeans, farmers have quite a holding tendency, even though prices are well over the support level, and quite a few of them are applying for the loan. Soybean strength continued, probably because receipts have been materially reduced, and also there is continued strength in the end product, especially soybean oil meal.

The principal activity in oats seems to spring from spreading against Winnipeg with purchases made in the Canadian market and sales in our May future here. At the present difference in price, oats could probably work to this market in the spring months and find their way to delivery on the futures if necessary unless there was a better merchandising profit in the eastern part of our country.

When the visible supply of wheat was posted it showed a decrease of 6,462,000 bu, and now totals 145,793,000 bu, or approximately 18 million bu more than last year. Chicago stocks decreased 171,000 bu, and now stand at 3,839,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 23, 1948

To understand present markets, one must appreciate the psychology of farmers and the general reluctance to sell anything except possibly where the question of storage or quality is a paramount factor. For example, in Texas wheat is not being sold in any quantity even though the price is some 6 to 8¢ above the loan, after allowing for charges, and in Iowa where a banner corn crop was just harvested, virtually everything is being stored or held possibly to be impounded later except a few cars here and there because of dampness and fear of deterioration. The same is true of soybeans and we have heard of some instances where producers would be willing to sell and deliver on January 2nd, not wishing to be involved in tax matters to any further extent during 1948. And so it seems that the farmer for whom relief has been so urgently requested is probably worrying just as much about tax matters these days as any other citizen. Thus in practically all parts of the country there is a great holding tendency which has had its market effect already on wheat and apparently is narrowing the discount of corn prices compared with loan levels. Soybeans, despite a big crop, have been rising consistently; therefore, we say that while formerly farmers raised grain to sell it, they are now raising it largely to store, and the chances are that several hundred million bu corn will be impounded and removed from the market before another crop is harvested. With the additional encouragement that CCC may ask for power to build elevators to encourage this practice, and with chances that support prices will be continued for many years to come, there seems to be little fear of serious immediate declines.

However, there are other factors which temporarily are having their influence, and probably due to the continuation of the longshoremen's strike Galveston has become embargoed and all grain elevators there are included under this regulation. However, we doubt whether this will be too much of a factor for the reason that ships are coming constantly to that port, and we understand that CCC has big engagements to lift milo on purchases which have been made over a long period of time. Therefore, as fast as the grain is shipped from that terminal it will allow additional quantities to be handled by the elevators. Meanwhile our corn exports are probably retarded, as a good portion of the business would ordinarily be handled via the Atlantic. PMA is said to be after gulf flour acceptances by tomorrow morning. This caused a little buying when our market opened, and the December future was again strong in relation to the more distant deliveries. Despite considerable selling of December vs. May, it looks as though somebody might be anxious to take delivery of wheat, and if this is the case, with only small quantities here in Chicago, we should not be surprised to see the December future remain relatively strong. Another sustaining influence consists of daily purchases by CCC, and during the week they bought 4.1 million bu wheat, a little over a million bu corn, together with 17.6 million lbs flour, which is a little over half a million bu in wheat equivalent.

Primary receipts of wheat amounted to 1,536,000 bu compared with 1,322,000 bu last week, and 2,285,000 bu a year ago. Kansas City and Minneapolisstocks so far this week show a total decrease of 185,000 bu.

Statistics do not count for much nor did weather, although the five-day forecast suggests considerable moisture over the Belt and this may have created a slightly bearish feeling with respect to the new crop futures. Also, after many days of advance, market had become technically weakened and with some liquidating sales, new buyers did not take hold aggressively.

There has been no definite decision yet as to how exports shall be handled after the first of the year. Many people hold the view that inasmuch as we are trying to encourage free trade and free enterprise abroad through ECA, that we should at least try to set a good example at home, and, therefore, not attempt to handle the business entirely through government sources. If it continues necessary to handle shipments to occupied zones through CCC that might be advisable, but elsewhere it is generally felt that the private trade should be given a chance.

The weakness in wheat had little effect on other cereals and while producers did not sell warehouse receipts of wheat on a heavy scale, there seemed to be no spirited buying and domestic flour business has slowed down considerably, with inquiries and bookings from both bakery and family trade at low ebb.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 24, 1948.

After the close of the market yesterday, news came from Washington that President Truman had directed the Economic Cooperation Administrator, Mr. Hoffman, to continue a policy of having ECA grain purchases made through the governmental agency, CCC. After visiting the White House, Mr. Hoffman told reporters that grain buying would not be returned to private hands, and that the President's directive would be carried out. As far as we can judge, whatever contracts have been made by the private trade for the exportation of grain during December will be permitted to go through, but apparently future business will be channelled through CCC, but we do not regard this as a particularly bearish item, as we saw last year that the purchase of wheat and flour when concentrated carried prices to about the $3 level, and at one time there was an advance of 25¢ per bu during a two-week period when the government bought about 40 million bu wheat.

Since they apparently have a program to ship almost as much as last year, taking wheat and flour into account, and since they also hope to ship about 200 million bu feed grains abroad, we visualize the general situation with respect to markets, as we have expressed it so often before. In other words, such a quantity of corn, while not too large in comparison with total corn production of more than 3 1/2 billion bu, is still extremely sizeable in comparison with the primary movement. We seldom receive more than 300 or 400 million bu at terminal markets, and in fact, in many years our primaries have been very much smaller. Assuming, however, that about 15% of the corn leaves the county in which raised, and that a good part of it moves to terminals, it would still amount to only about 550 million bu. Therefore, exports of 150 to 200 million bu would be quite a drain on the commercial stocks. Furthermore, it must be considered that all of the corn does not move through primary markets, some finds it way into feeding areas and some to New England. In addition, with the holding tendency, and a good quantity being impounded under the loan, we feel that the pressure will gradually lessen, and in fact, there has already been a tendency in that direction. For the time being trade is a little confused and recent advances have carried the price of corn much closer to the loan level so that we may from time to time have reactions.

The European crop summary on grains is rather optimistic, and the weather recently has been favorable for completion of seeding; also timely rains have aided germination. In the U.K., there were some early delays, but these have probably been made up. In France, total acreage may be comparable to last year, and may be somewhat larger. The Bi-zone area of Germany claims that delivery of grains have been 36% below last year due to expectations of higher prices being granted later. Belated advices from eastern Germany state that the crop was very good this season. In Italy, weather has been favorable for fall-sown crops, and supplies are much more abundant than last year.

Here at home we find that PMA bought a tremendous quantity of flour all for December shipment from mills. However, domestic business was exceedingly slow, with bakers and family trade alike showing less interest. Apparently plans are being made to revive considerations on the International Wheat Agreement. However, Senator Aiken said that the U. S. Delegates would be reluctant in accepting a sharp decrease in prices, and that he would be very surprised if we would consent to a program involving a reduction to $1.10 minimum, which had been provided for the fifth year of the old plan. He thought, however, that there was a good chance that a reasonable pact might be ratified at the next Congress.

Primary receipts of wheat today were small, amounting to only 519,000 bu this was comparable to 676,000 bu last week, and 644,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 183,000 bu.

Markets were inclined to be easy although May wheat showed a good recovery from the low point but December lost ground despite the fact that contract stocks in Chicago are less than 1 1/2 million bu. Bookings of corn from the country were heavier. This had some influence on the market but there was no heavy liquidation nor much pressure. The strike has not yet been settled. Chances are export business will improve the moment shipments are possible via the Atlantic.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 26, 1948

Before our market opened it was generally known that the longshoremen's strike was virtually settled, although the terms still have to be ratified by the workers, the outcome will not be definitely known until tomorrow, but for all practical purposes it is assumed that the increase in pay, plus other favorable conditions, will be accepted. The latter included vacation benefits as well as a welfare plan for disabled workers. It also looks as though the tie-up on the West Coast would likewise be settled, and the trade, therefore, assumed that shipments which had been retarded would shortly be resumed. This had a rather stimulating effect on our market, particularly corn, and it is quite likely that the government will try to make up for lost time.

There was another factor that had some influence: namely, figures released on the CCC grain loans and purchase agreements as of October 31st. This comprised 192.4 million bu wheat impounded under the loan and 24.3 million bu under purchase agreements, or a total of 216.7 million bu, which temporarily at least may be regarded as taken out of commercial channels. The latter amount may not be a permanent affair, although it does cost the farmer about 1/2¢ per bu to obtain that option; therefore, he probably does regard it in a more or less serious vein, but the 192 million bu which is already in the loan represents a fairly large figure in comparison with the probable carryover reserve that we shall have next July. This is estimated to be about 275 million bu based on total shipments of wheat and flour amounting to 450 million bu. Furthermore, it must be considered that there is always some lag in compiling this data and that probably 200 million bu would beacloser figure now if all statistics were up to date. Likewise, there are two months yet duri ng which time farmers may avail themselves of the loan; so the final figure may be higher. As an offset to this there are many localities where it is profitable to pay off charges and sell wheat on the market, so that redemptions must also be taken into the reckoning. But we regard the present situation as being moderately bullish because it indicates that there will be no burdensomc aupplies pressing on the market at the end of the season.

Both the President and the Secretary of Agriculture are favorably considering re-negotiation of the International Wheat Agreement. Somehow or other when plans are made five years in advance, they never work out the way in which they are intended. We are thinking not only of the last international pact but also of the bilateral agreement between Canada and Britain, under which wheat was sold to the mother country for two years on basis of $1.55 a bu. It was hoped that while some losses might be entailed for the early period, the later results would be very profitable. As a matter of fact if all the Canadian wheat had been sold at the same high price as class two wheat, (which the Board sold to countries outside of Britain) then Canadian farmers would have received an additional $518 million. The prices paid by Britain for the third and fourth year were supposed to make up for those losses. The present, or third year price of $2 a bu to Britain, far from repaying anything, has only added to these losses where the price of class two wheat today is $2.43 a bu. One authority in Canada suggeststhat farmers should insist that the government arrange a price for the fourth year of the agreement higher than today's value at which the Canadian Wheat Board is selling its wheat to all countries of the world other than Britain in order to compensate for the losses that have been sustained. How much more difficult it will be when thirty-three countries become involved in such controversial issues where importers want their supplies at low levels, while exporters would naturally want the best obtainable price. Moreover, with no likelihood of Russia or Argentina joining the exporting nations, there is apt to be added competition from sources which may likely take advantage of this situation. According to information from Washington, grain procurement will be under CCC covering wheat and corn and will also include total export of oats, barley, and grain sorghums except to Western Hemisphere nations or the Philippines.

Primary receipts of wheat were 1,388,000 bu compared with 964,000 bu last week and 2,440,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 399,000 bu. When the visible supply is posted Monday it will compare with a decrease last year of 2 1/2 million bu.

After early strength all markets reacted. Corn had sold at a new high on the present upturn, but apparently there is still some congestion, and it may take time before we get relief. Flour business is also slow; some bakers are taking moderate quantities but others have already covered their commitments for the balance of the calendar year. In wheat, there was further selling of December

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CHICAGO, 4 November 29, 1948

World bread grain production in 1948 is now estimated at a slightly higher figure than in September, and the wheat crop is placed at 6,285 million bu, which is about 35 million bu higher than the earlier forecast. Likewise, this is a little better than average but is considerably above the small 1947 harvest. The rye production estimate of 1,625 million bu is 20 million bu above the previous forecast, but below average, and is about 10% larger than 1947. The upward revision for wheat represents a better outturn for some European countries, especially France, together with improved prospects for the Australian harvest, but the increases are partially offset by a reduction in the estimate for Turkey. North American changes were minor and we do not believe that much attention is being paid to the very large crops on this Continent, particularly since our government is talking of exporting 500 million bu wheat and flour and possibly 200 million bu other grain.

When our market opened this morning, it was influenced by a carryover feeling from Saturday, which was a little bullish. There has been considerable short-covering, and this morning the securities market was likewise higher so that first trades were at fractional advances but soon afterwards more attention was paid to the weather over the week-end, which was extremely propitious. Late Saturday it started to blow up in the Southwest, and there was considerable precipitation mostly in the form of snow, with little blowing, which, of course, can only be regarded as extremely favorable coming at this time. At Enid, Oklahoma, there was over 2 inches of precipitation, and there were many other places in Oklahoma that were favored to some extent, which relieves any apprehension that had previously existed. Western and central Kansas also had rain or snow, and moisture went as far South as Texas, although parts of the Panhandle in that State did not receive too much.

In any case this tempered somewhat bullish enthusiasm, and little mention was made of the complete settlement of the longshoremen's strike in the East, although this will gradually relieve congestion at interior markets. We feel that it may take a few weeks before normal shipments may be made from this part of the country, and from points East of us to seaboard positions, but with the government intent on shipping possibly 150 million bu corn during the season, it leaves little doubt that the business will proceed as fast as facilities are made available. Ordinarily at this time of year we pay a good deal of attention to crop reports from Southern Hemisphere. There has been generally favorable weather recently in Australia and the crop is now forecast at about 185 million bu. This is probably a little better than average, but the trade will compare it with the record crop last year, which is now reported at 220 million bu. If present outlook is maintained better than usual yields are expected.

There was a delay in posting U.S. visible supply changes.

Chicago wheat stocks decreased 178,000 bu leaving 3.6 million bu here. There was an increase in local corn stocks, building the total up to 10 1/4 million bu, while oats decreasing slightly, declined to 1.8 million bu. Chicago stocks of all grains increased 1 1/4 million bu during the week, and we now have a total of 21 million bu here.

Markets were a little erratic. Neither extreme declines nor advances were sustained, but in corn it was quite obvious that longs were fearful of getting deliveries, and there will probably be some corn on tender, which had the effect of widening out the December-May spread. There is still no definite trend to wheat, and while the selling of warehouse receipts was light, nevertheless we have to appreciate that in many parts of the country farmers, if they were inclined, could sell their wheat to better advantage than by taking the loan.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 30, 1948

After the close of the market yesterday the government published new parity figures for November, and there were decreases all along the line with the heaviest decline in wheat, so that the present parity is $2.18 per bu compared with $2.22 when the 1948 loan was fixed. It seems that almost ever since the parity concept was initiated in about 1938, we have had a consistent advance in parity prices, which in turn has affected loans, but now despite inflation, there appears to be some reversal, and, of course, it behooves everyone to try to figure out what may happen by next June when the 1949 loan is established. Loans are only fixed once a year and at the start of the crop season; so there can be no change for the balance of the season with respect to basic commodities on which loans are operative. The present law calls for 90% loans on crops harvested in 1949, and there is much discussion as to whether a sliding scale will be used after that time, or whether some of the adherents to the 90% method will win out. On basis of the November parity it would mean a wheat loan of $1.96 on the farm, or $2.25 Chicago. It is true that new crop futures are selling below that level, but in view of the fact that corn at one time sold so far under the loan, there seems to be no particular disposition to buy July and September wheat at present levels, particularly in view of future possible declines in parity that may occur between now and July 1st. Furthermore, there is some reluctance to buy these new-crop months for the reason that we have had wonderful weather, and while crops are never made in December, nevertheless it is expected that the condition figure which the government will give us in a few weeks will be very high, indicating heavy production for the summer of 1949.

When our market opened it was influenced by the government's parity figures, and there were moderate declines, but there is still no important pressure, and we find that the government continues to buy fairly substantial quantities of wheat each week, which will finally go for export. We doubt very much whether there will be any immediate deliveries of wheat on December contract, but fairly large tenders of corn have already been made and these may circulate for a time. Chances are that less corn would have been delivered had we not had the longshoremen's strike, but as has been pointed out in our letters for several days, it is going to take a little time to relieve congestion at interior markets. Weather is not much of a factor now, although skies are clearing and lower temperatures expected for the corn belt.

Mr. Hoffman's office: namely, ECA, made formal announcement that all wheat, rye, oats, barley, and sorghums exported to Marshall Plan countries would hereafter be handled by CCC. There was nothing new in this statement except that it was confirmation that there would be no private handling of grain until further notice. Flour business will be at the option of the buyer and foreigners may purchase it either through governmental agencies or direct from private trade sellers. However, contracts which have been initiated by the trade for shipment after December 1st will be honored and we are told that with the announcement just made that the path is cleared for the issuance of first-quarter allocations which may be released at any time.

Primary receipts of wheat amounted to 1,169,000 bu compared with 1,536,000 last week and 2,108,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 102,000 bu. The visible supply was posted too late yesterday for our letter but a decrease in wheat of 853,000 bu reduced total supplies to about 145 million bu. There was an increase of 7.6 million bu in corn stocks, raising the total to 31 million bu. Oat stocks increased moderately but there is less than 10 1/2 million bu in various positions, and certainly a small quantity in view of the big crop, but this tends to explain the premium of the nearby as compared with distant deliveries.

There was no special trend to the markets but volume of trade was lighter and prices were easily influenced by the character of the orders that came into the pit. Elevator interests were busily engaged buying December corn against sales of May, very likely transferring their hedges. In wheat, it was apparent that shorts had pretty well covered and new buyers were a little hesitant in making new engagements. Some selling took place on bulges and there was only moderate commercial interest, in fact, the domestic flour business is extremely slow and family demand has dwindled to a near-standstill, while bakers are taking only small quantities.

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CHICAGO, 4 December 1, 1948.

Ever since the November parity figures were published, there has been thought given to the possibility of further declines between now and the time that the next loan is fixed. There are so many items that enter into the computation of parity that few people can try to figure out for themselves whether the immediate trend should be upward or downward. During the past month, chiefly as a result of lower prices for hogs, citrus fruits, corn, butter fat, tobacco, and cotton, which was only partially offset by increases in some other items, did this cause a lowering of parity. Besides this we are told that further reductions in the farm family living costs have been responsible for the third consecutive monthly decline that has been recorded. The declines in food and clothing prices were the principal factors involved, although not all elements of rural living costs were lower than in mid-October, as for example, there were upturns in prices of automobiles, building materials, and household operating expenses. Prices paid by farmers for commodities used in living averaged 271 on November 15th, which was still 3% higher than a year ago.

In any case, it should be noted that the loan has been largely responsible for the price increases which have taken place during the past ten years, although even this might have been impossible had it not been for the heavy exports which enabled us to reduce carryover reserves at the end of each season. It is rather interesting to make comparisons for various periods. For instance, the average price that farmers received for wheat during the 1909-14 period was .884¢ per bu. The five-year prewar average, 1935-39, was .837¢; on November 15, 1947, it had risen to 2.74, and on November 15th of this year the farmer was getting $2.04 per bu for his wheat. Prices of other grains were more or less in proportion, and here, too, we believe that the loan was very instrumental in bringing about this balance.

Before our market opened this morning, there was not much news of any kind. There had been fairly liberal deliveries of corn on December contracts, and while this did not have too much market influence, nevertheless No. 3 corn which was tendered is apparently not finding a ready market, but yet elevators seem inclined to change over short hedges from December to May, and this has prevented any widening of the spread. Only small quantities of wheat have been delivered, and we are not inclined to look for heavy tenders even though the nearby future is selling at a premium of about 10¢ or so over July. Of course, cash people are reluctant in carrying wheat at such a big premium, but on the other hand Chicago stocks are small and there seems little likelihood of replenishing them unless we go to a shipping difference over Kansas City, and there is a tendency in that direction, although freight differentials are a little over 14¢ a bu. It costs more than ever to bring wheat from the Southwest to our market. Gulf wheat premiums recently have declined 4¢ but the weakness is attributed to the fact that the CCC bid remains at 20 over Kansas City, and in view of the sharp widening between Chicago and KansasCity December, it means only 8¢ over Chicago at the Gulf. Nevertheless, the government seems to be acquiring fair quantities and generally speaking December is not a month during which lower prices are witnessed. After close of navigation we find that visible supply stocks gradually start to decrease. Movement from the country is not heavy, and from this period until about January 10th, when mills start to slow down for inventories or otherwise, we find that rather firm prices are obtained. Later on, of course, there is generally competition from Southern Hemisphere. This has not been much of a factor in late years, however, so long as our government has an export program, by which allocated grain is furnished to foreign claimants mostly on a credit basis. With the possibility that we shall clear 450 to 500 million bu wheat and flour before the next crop is harvested, it looks as though our carryover reserves would reach 275 million bu by end of June 1949.

Primary receipts of wheat were 480,000 bu compared with 519,000 bu last week, and 754,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 362,000 bu.

There was no particular trend to wheat, early advances and declines were frequent, although deferred wheat futures strengthened at the close. At times some December wheat was sold against purchases of May, which caused a slight narrowing of the spread, but most of the spreading was done early when the difference was around 10¢. Later there was selling of our December against purchases in Kansas City. In corn, bookings from the country were light --only about 55,000 bu. Basis on spot corn was 1/2 to 1¢ under December with scale discounts for moisture to

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CHICAGO, 4 December 2, 1948.

There was really nothing in the overnight news either pertaining to grain or weather that might give us a cue as to market activity. However, traders were impressed by the ease with which advances took place yesterday when short-covering set in. As we pointed out previously, December is generally not a month in which wheat declines should be expected, and possibly this year will be no exception to the general rule. There was apparently some flour business through PMA and hedges were covered, which gave us the initial advance. On the other hand, there is no particular incentive to buy new crop futures except that it is generally acknowledged that if there should be further sharp advances in old crop positions, the July and September futures would undoubtedly sympathize to some extent. The state reports are quite optimistic on the next winter wheat crop. For example, the Kansas Weekly report claims that favorable progress throughout most of Kansas was made during the past week and that precipitation in the form of snow and rain furnished additional topsoil moisture in central and eastern districts. Snow reported during thepast two weeks has melted slowly with little runoff. However, in some areas much of the snow which fell after the middle of November was blown from wheat fields by the high winds and drifted into places where it could be of little value to crops. Yet that state has such a big acreage that one can feel quite assured with the improvement in weather that good results may be expected again next summer if we have average conditions from this time forward. The Oklahoma weekly bulletin was quite similar, and snow and rain which fell over most of the northwestern part of the state was helpful. Light rains occurred over most of the other areas, so that additional moisture was beneficial to the wheat crop, although freezing temperatures have delayed immediate growth.

Trade is not paying too much attention to information of this kind. Somehow after we have had five bumper crops of wheat, it is taken more or less for granted that these may continue forever, and even during the period when there was a dry spell there seemed to be only moderate apprehension, and so many of our friends remarked that even with the poor start that was expected a year ago, recoveries took place due to the fact that there was adequate moisture during the winter. Apparently the drought years of 1933 to 1936 have been forgotten when each summer in that period, less was raised than we actually consumed, and despite large reserves at the beginning of the period it was necessary to import wheat from Canada.

Corn was likewise moderately higher, influenced, of course, by the strength in the leading cereal. There have been some reasonable tenders on December contract, but whether there will be many new deliveries remains to be seen, although some figure that after close of navigation elevators may feel encouraged to take some action in that direction. It is difficult to say whether the corn thus far has gone into strong hands, particularly as mostly No.3 yellow is being delivered. Of course, any aggressive action on part of the government might give impetus to the market, but by the same token it is felt that recent price advances have narrowed the spread between the actual market price in the country and the loan level. There must be a fairly sizeable portion of corn on which quality will still be a factor. For this reason we should not be surprised to see some corn sold by producers all during the season. Thus there may finally be enough to take care of the export program, and still provide ample quantities for commercial interests without causing too much distortion to the price level. Ordinarily one must figure that only about 15% of the crop comes forward, and for that reason we have felt for some time that an export program of 150 million bu might have considerable influence later on when terminal arrivals become smaller. However, if the carryover reserve next October approaches 600 million bu, farmers may want to make some room for the following crop.

Primary receipts of wheat were slightly over the million bu mark; last week was a holiday and last year they amounted to 1,636,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 576,000 bu.

Markets were quite strong early and prices were about the best in some time, but there was profit-taking, so that reactions occurred before the close. Milling demand, outside of the government, is extremely dull except for a few small quantities currently being sold to Brazil. However, the Army is making some awards, and about 68,000 cwts of flour are involved. In corn there was some liquidation of December against sales of May, which widened the difference to about 5 3/8¢, but the spot market was generally firm to 1¢ higher.

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CHICAGO, 4 December 3, 1948

BAE released its pamphlet today, the National Food Situation, which stated that exports of food during 1949 are not expected to show much, if any, decline from 1948. Despite marked improvement in production of food crops in Europe in 1948 as compared with 1947, sizeable imports will again be needed to provide for more equitable rations and to rebuild stocks to reasonable working levels. It does appear probable, however, that the demand for food grains will be less. We raised last summer a wheat crop of 1,284 million bu; human domestic consumption will account for about 500 million bu. Non-food usage will be sharply less because of the record corn crop, which with other feeds should provide plentiful supplies for livestock and poultry feeding. Only insignificant quantities of wheat are expected to be used in the production of spirits and alcoholic beverages. Therefore, the big item is still the amount which we shall export, although here again the government forecasts that the total may not amount to as much as the 486 million bu wheat and flour shipped a year earlier. Accordingly, the carryover will be somewhat larger.

This morning grain allocations were published for the first quarter of 1949, and the total was 174.2 million bu. This included 108.8 million bu wheat and flour and 65.3 million bu coarse grains. We have not had the breakdown yet of feed grains, but must, of course, assume that the major portion will comprise corn, which means rather steady shipments for the first three months of next year. Likewise the combined shipments will set a record for all time, and are so sizeable that nobody can ignore them in making calculations for the future. It brings the 9-month total to 582 million bu grain and grain products including 413 million bu wheat and flour and 169 million bu other grains. This compares with the 1947-48, 9-month total of 455 million bu. It also suggests that there is still about 70 million bu wheat and flour to be procured for the last quarter of the crop-year in order to exceed the record established last season. In the comparable quarter of that year allocations totaled about 90 million bu wheat and flour. Some experts point to the fact that wheat purchases have already been made for shipments handled during January, but, of course, that is not an unusual situation because the government always has to have stocks on hand to meet its engagements. In view of the car shortage and other factors it becomes necessary to anticipate exports several weeks in advance.

When our market opened this morning these allocation figures had a little bullish tinge, but wheat was more influenced than corn. The reason is obvious: namely, that quite a considerable quantity of No. 3 yellow corn is being tendered on contracts and as yet has not found a resting place. Elevators apparently have changed over some of their hedges from December to May and are not too anxious to take this corn back at the present differentials. This means that speculators who have received corn on delivery are taking the initiative and the spread widened early, but later showed a narrowing tendency.

Primary receipts of wheat amounted to 1,320,000 bu, which was just a shade less than last week and compared with 1,121,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 664,000 bu. When the visible supply of wheat is posted on Monday, we feel pretty sure that the decrease will not be larger than last year when it amounted to 7 million bu. However, this is the season of the year when a good deal of shifting takes place just prior to close of navigation, and sometimes wheat on the lakes appears again at some other visible supply point.

Further information regarding the allocation of coarse grains for the third quarter seemed to indicate that the buyer had the option of corn, oats, barley, or sorghums and to some extent rye. Apparently each country has been given an overall total of these grains. We have not heard whether there is to be any restriction on any one of the coarse grains. $15 million was allocated by ECA for corn to be shipped to Bi-zone Germany between now and January 1st.

There was not much in the grain news today. The Southwest advised that selling of cash wheat increased somewhat yesterday afternoon, but again dried up today. The corn which is being tendered is still not finding a resting place, and at the end the spread between December and May again widened out.

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CHICAGO, 4 December 6, 1948

There was some precipitation over the week-end, rather light in spots, particularly so in the Texas Panhandle, but, nevertheless, crop prospects are extremly good for this season of the year. No severe temperatures are reported Southwest. The Bureau of Agricultural Economics has given us some rather interesting data in its pamphlet, THE WHEAT SITUATION. They call attention to the fact that with farmers assured of a 90% support program for 1949, a big acreage will again be sown to wheat. They believe that 80 million acres, including spring wheat, may be sown, and if 15 bu per acre is obtained we may have a crop next summer of 1,200 million bu. It does not seem likely that domestic utilization next season will exceed 700 million bu, which would include food, feed, and seed. The same is now being estimated for the current year, and as a result this governmental department forecasts that the carryover reserve of wheat on July 1st may range somewhere from 275 to 325 million bu. However, if present crop prospects find fulfillment, and we export only 300 to 400 million bu next season, it would mean that by July 1, 1950, there could be a reserve of 400 to 500 million bu on hand. This would be about double the pre-war average of 235 million bu but would be well below the all-time peak in 1942 of 631 million bu. Of course, much will depend on the way crops turn out in both exporting and importing countries, but further recovery of agricultural putput in Europe and Asia and a wider distribution of grain from surplus producing areas of Eastern Europe and the USSR are assumed for 1949-50. Thus it appears as though we were beginning to stockpile regardless of any intentions on part of the government, but as we have stated so often before, if non-recourse loans are kept too high or unrealistic ownership of the grain must finally pass to the government by default.

There continues to be talk of reviving the International Wheat Agreement when Congress reconvenes in January. Senator Thomas is against this move for the reason that foreign countries would probably want a lower price put on wheat than would be consistent under a relatively high loan program. As the Searle Grain Co., Ltd. of Canada points out: "To set the future prices for wheat, as this Pact proposes to do, implies an ability to forecast the future factors of supply and demand. Supply being governed by the weather which no man can foresee, and demand by a multitudinous set of factors which no one can possibly forecast. In addition to this the authors of this Agreement pretend to be able to tell us what the value of money will be in the future, which again, of course, is a sheer impossibility. The proposed pact, in common with similar pacts which have been tried in the past, will attempt to bind producers and without their consent, to supply quantities of wheat each year which may be beyond their ability to fill, and will attempt to bind consumers, also without their consent, to purchase given quantities of wheat which they may not need. All such pacts ever tried in the past - and there are records reaching back to 6,000 years - show but one thing in common, they all failed dismally when they came up against the stubborn facts of supply, demand and price, when these became different from the conditions which the authors of the pact envisioned."

Chicago wheat stocks decreased 124,000 bu, leaving 3 1/2 million bu at this market. In corn, there was an increase of 1.3 million bu, so that total supplies have risen to 11.6 million bu. Local stocks of oats decreased 454,000 bu, which means that there is only 1,350,000 bu in this city. Total visible figures were again late in being posted.

Markets were not particularly active. Early gains in wheat were met by liquidating sales, so that best prices of the day were not maintained and net changes were registered for old-crop months. Milling demand is starting the week off rather slowly and buyers are resisting the advances, while export volume is also very thin. In corn, December longs have apparently changed over pretty well to the deferred months. The difference between December and May has narrowed to less tha 5¢ per bu, and this has created a little more strength in the market, with many people feeling that prices will gradually advance to the loan level. Meantime, receipts are not burdensome and bookings from the country are rather light.

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CHICAGO, 4 December 7, 1948

There was no particular grain news overnight. A few light snows had been reported Northwest but elsewhere it was generally fair, and the outlook is for about seasonal temperatures and clear skies. There seems to be the growing belief that gradually cash corn will become stronger, and while today's receipts were light, they generally are on a Tuesday, but, nevertheless total stocks of 11 1/2 million bu for Chicago are not large, particularly if we consider that a little later on there will be inroads made on the accumulated supplies when the export business starts in earnest. Furthermore, we do not expect a heavy movement from the country unless the price advances to about loan levels.

There is not much thought being given at the moment to inflation, particularly not with the stock market so completely indifferent, but yet it seems to us that few people appreciate that even several years after the end of the war we have retained basically a wartime economy. We have taken on the maintenance of the economy of Europe at a greater cost yearly than our whole federal budget before 1933. We are shouldering the cost of a new military program of our own. At the same time we are preparing to underwrite a new military program for Western Europe. Nor does it all stop there. Vast funds will be spent for housing either government-built or so financed; likewise subsidized education and continued subsidies for agriculture. We could go on at this rate almost indefinitely but it all goes to show that in the final analysis, whether by heavy taxation or by inflation, or both, the American taxpayer, and he alone, must foot the bill for these expenditures. While it may be regarded that the taxes are borne mostly by those in high income tax brackets, the fact remains that every citizen is a taxpayer, for no one can buy even food or shelter without paying taxes. Even if indirectly such taxes are often misunderstood, or at least, not fully comprehended, and as far as inflation is concerned, even fewer people realize the serious implications which it forces upon our economic system.

When our market opened, corn prices were firm and wheat was somewhat indifferent. The chances are that producers' marketings will not increase very much until after the first of the year. This apparently is for tax reasons, but nevertheless, it explains why there is not more pressure at the present time. December is generally a month when we have firm markets, and very likely this season will be no exception. The visible supply of wheat was posted late yesterday, and showed a decrease of 5 3/4 million bu. However, part of the stocks which were moved from Duluth may show up later at other points, but in any case there is a declining tendency from this time forward, and the chances are that hedges likewise will be lifted and gradually the open interest will contract. December wheat is still fairly tight, with less than 1 1/2 million bu contract stocks here in Chicago. Longs are apparently changing over to the more deferred deliveries, but cash markets are still firm, and the same is even more true in Kansas City. Many in the trade feel that May wheat under these circumstances is comparatively cheap, and that the same pattern may be followed later on as is now being witnessed for the December and cash markets.

Primary receipts of wheat amounted to 1,652,000 bu, which compared with 1,169,000 bu last week, and 2,431,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 111,000 bu.

After mid-session all markets became rather heavy; bookings of corn were a little better, while domestic flour sales were small, and export business practically at a standstill. There has been no active interest yet against January to March allocations, and ECA countries are presumably awaiting authorization of funds. The Australian crop is making satisfactory progress, and the outlook is for 190 million bu. However, in Argentina, it is more difficult to gage the probable yield because of recent frosts and some rains that fell afterwards. Nevertheless, Broomhall believes that these countries together will be able to export as much wheat and flour as they have during the current season. Chances are that about 210 million bu will clear based on present rate of exports. CCC purchases are more or less of a continuing and stimulating factor; during the past week 41 1/4 million bu of wheat was bought, 1.1 million bu corn, and 855,000 bu of rye. The bulk of the wheat business is still being handled throught the Kansas City regional office.

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CHICAGO, 4 December 8, 1948

There had been a little more wheat offered by producers yesterday, which apparently encouraged some liquidation, and the trade, of course, was anxious to find out whether the same might continue today, but undoubtedly very few warehouse receipts are being offered, although there has been a moderate amount of cash wheat booked from country elevators overnight. In addition to this the weather forecast is rather optimistic, indicating the possibility of rain or snow for rather wide areas of the Southwest. Otherwise, there was not much news, although the weekly State reports were rather favorable. However, the Missouri bulletin said that more rain would be welcome all over the state except in the southeast corner. In Kansas, prospects continue good over most of the counties but growth is extremely varied, ranging from fields just emerging to other fields having an excellent top growth. It will be interesting to see what the condition figure is when the government makes its report later in the month.

As far as our domestic situation is concerned, it appears like ample supplies of all foodstuffs, and Americans will probably eat about as muchper person during 1949 as they did during the calendar year when consumption was about 12% above prewar. Retail prices are averaging 10% above 1947, and will probably continue high through most of 1949, according to the Bureau of Agricultural Economics. They also tell us that hog slaughter this fall has been larger and weights lower than is usually the case following a bumper corn harvest. Mid-November farm prices were down nearly $3 per 100 lbs from a month earlier. The main thing as we see it is still the high loan, which encourages impoundings and likewise the heavy exports. During the twelve months, April 1948 to March 1949, ECA has a little over $5 billion dollars to spend for aid to Western Europe, also $400 million for aid to China. Thus with shipments of that size our markets are receiving considerable stimulus which would otherwise be impossible.

Gross income from agriculture has increased steadily since 1939 when war in Europe started. To illustrate how prosperous the farmer must be, we are tabulating this data, also showing total amounts including government payments:

	GROSS INCOME (MILLION) FROM AGRICULTURE (DOLLARS)	INCLUDING GOVERNMENT PAYMENTS
1939	9,740	10,547
1940	10,242	11,008
1941	13,299	13,885
1942	17,862	18,559
1943	22,352	23,024
1944	23,381	24,185
1945	24,665	25,434
1946	28,466	29,238
1947	34,391	34,705

While it is true that his expenses have also risen, certainly they have not gone up in the same proportion, which easily explains the fact that mortgages have been so largely paid off and that there is still money left for plentiful spending.

Primary receipts of wheat were 733,000 bu compared with 480,000 bu last week and 770,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 264,000 bu.

After some hesitancy and weakness early in wheat it was reported that there had been an improvement in the milling demand. This gave us a little better undertone particularly as new pressure was light. Kansas City cash wheat is getting closer to a delivery basis and even our cash wheat is not particularly strong but there is only 1 1/4 million bu in the contract stock. Therefore, difficult to tell whether longs or shorts will take the initiative in trying to even up December contracts. Corn was firm and the spot basis appeared to be about unchanged from yesterday.

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CHICAGO, 4 December 9, 1948

The moisture which had been forecast yesterday failed to materialize over a wide area, although there was some snow in northern Kansas and Nebraska, but apparently we shall have clearing conditions with much lower temperatures, possibly reaching zero over some parts of the Southwest. This very likely encouraged a little early buying, but otherwise there was little grain news overnight.

We continue to see inflationary tendencies in our economy, and cannot overlook the fact that the last war cost this country about $400 billion. As an aftermath it left us with a debt in excess of $250 billion, or about $6,308 per family against $1,195 per family in 1939. As a result taxes are very high and will probably be increased, particularly for corporations. At the present time taxes of all kinds absorb about one-fourth of the national income. Besides this we have incalculable and staggering pledges involving the support of farm commodity prices, an armament program, and foreign aid. More spending in various directions, including generous promises of benefits made to nearly all major groups are almost bound to bring about heavier taxes, or inflation, or both. Included in these items to which we refer are federal housing, slum clearances, aid to schools, liberalized social security, health insurance, expansion of public works projects, government support of farm prices, higher wages for teachers, federal employees, factory workers, and the like. What effect this will have on business is, of course, questionable, but the uncertainty has already had an adverse effect on the securities market. Corporate income, despite its currently high level, has fallen far short of meeting the fresh capital requirements for plant expansion, new equipment, and the development of new processes. As one authority points out: "The funds used for this purpose are known as 'seed money' since the proceeds are used for increased productivity to take care of growth requirements of the country, and the ever-higher living standards of our people. To use money siphoned off by taxes and distributed through governmental channels, which is urgently needed for the development of our productive facilities, is equivalent to eating the seed corn."

For the time being there seems to be very little issue in wheat. First of all, flour business is not too good, and most of the large bakers seem to be on the sidelines, probably feeling that they will be able to do better after the turn of the year. Italy is presumably going to buy two cargoes of flour in the next few days, and [illegible] is receiving offers from Eastern mills, which may mean some removal of hedges if that business is put through. Commodity Credit Corporation made rather heavy purchases in the Southwest yesterday, claiming 1,395,000 bu wheat together with 20,000 bu corn. Apparently this is coming direct from the country, as terminal stocks are held rather tightly. Open interest in the December delivery has been reduced to about 14 million bu, which is still large considering the small contract stocks in Chicago, and, therefore, it is a question as to whether longs will liquidate their positions fast enough to take care of the shorts, who apparently are at the mercy of the market, as we doubt whether much wheat can be brought here from outside points in time for delivery.

Primary receipts of wheat amounted to 1,748,000 bu compared with a little over a million bu last week and about the same quantity last year. So far this week, Kansas City and Minneapolis stocks show a total decrease of 303,000 bu.

It looked as though there might have been some export business in beans but nobody could confirm that any quantity had been put through. In any case, this cereal was rather weak, probably in sympathy with lower prices for cottonseed oil. Corn held up reasonably well considering the lower trend for the leading cereal, and while corn bookings from the country were a little heavier there seems to be no important pressure. It still is felt that while the business for export is developing slowly that, nevertheless, the government figures on total shipments of about 150 million bu. This, in our opinion, will have quite an influence on the market later on when receipts become lighter. For the time being, December corn is again about 5 1/2¢ under the May future and the fact that we had the longshoremen's strike at the Seaboard probably created some congestion which gradually seems to be clearing up. There was some scattered liquidation in all pits, with possibly some stop-loss orders uncovered. Local traders in the main seemed to be on the selling side of the market.

Moisture over the State of Kansas averaged more than two inches during the month of November. This was the second best in eight years.

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CHICAGO, 4 December 10, 1948

While export prices for Argentine wheat have been very high now for several years, the farmer has not necessarily benefited because the government has been the intermediary, apparently taking the profit and claiming that this money was used to stabilize their foreign exchange account. However, growers have been dissatisfied, and as a result they are going to receive higher prices for their 1948-49 crop than ever before. The recommendation of the National Economic Council is that they should receive the equivalent of about $1.86 per bu for bagged wheat, track Buenos Aires, which would be, roughly, 24¢ per bu better than the price set at the beginning of last season. Latest reports indicate that the harvest which is now starting will yield only about 180 million bu compared with last year's outturn of 250 million bu. This is due to several factors; possibly the recent frost took a toll from the crop, but, nevertheless, Broomhall is hopeful that the combined exportable surplus from that country together with Australia will still be about 210 million bu, or about 40 million bu short of average.

Here at home there is no particular factor except in some of the dry areas of Texas we are getting reports of dust storms and recent rains that had been forecast failed to materialize. Despite this factor, May wheat is still at a good premium over the new-crop months, and the general feeling is that the strength of December will be duplicated later on when May wheat has to stand on its own. We are at a disadvantage in not being able to tell exactly what impoundings are as of present date. The government at one time issued such figures almost weekly, but on the assumption that 200 million bu or more had been impounded or under purchase agreements, redemptions have been only nominal. We call attention to the fact that the accumulated charges become greater all the time, and, therefore, if the wheat remains under the loan until March or April, it will take a rather high price to bring it out again. Based on this we figure that despite a very large carryover, old-crop months will continue to command a pretty good premium. Corn prices have declined much more than seasonally this fall, and in November they were low in relation to prices of most other feeds and in contrast with the relatively high price of corn last summer. Whether this will bring about much of an increased consumption remains to be seen, but in any case we still feel that the price level will gradually improve because of the higher loan than market price, which naturally encourages putting corn into the loan. The index of feed grain prices in Mid-November was 42% lower than a year earlier, and the lowest since the year 1946. Of course, there is also the export situation, which must be reckoned with, and while traders are not too anxious to take hold of the No. 3 corn which is being tendered on contract, we feel that later on the government program will be more of a potent factor, and for this reason should not be surprised to see a hardening of prices to about the loan level.

Farmers are faced with a generally brighter outlook for fertilizers this year, although prospects for nitrogen are only a little better than last season, and supplies can be expected to continue tight, according to a warning from the Department of Agriculture. While earlier they thought that there might be a 10% increase, they now advise that supplies of nitrogen for the current fiscal year will level off at about a 7% increase. Supplies of phosphates are just a shade better, while there is some improvement in the supply of potash.

Primary receipts of wheat amounted to 1,269,000 bu compared with 1,320,000 bu last week and 946,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 544,000 bu. When the visible supply of wheat is posted on Monday, it will compare with a shrinkage last year of 3.1 million bu.

There was some hesitancy early and beans reacted further, probably for the reason that export business was considered disappointing. However, there were good recoveries, and in wheat very likely the few dust storms reported had some influence on the market causing some short-covering. The new buying, however, was not spirited, particularly with December wheat showing a more relative weakness. Likewise in corn the nearby delivery went to nearly 6¢ under the May, indicating that the demand for No. 3 yellow corn is not at all urgent.

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CHICAGO, 4 December 13, 1948.

The sudden change in the course of the market was brought about by a press release announcing the CCC policy for disposal of any commodities it owns or controls, to become effective January 1st. This in itself is a very uncertain statement because it does not definitely state whether it means any grains which they buy or if it is commodities theycontrol through acquisition of defaulted loans or tendered to them under purchase agreements. They further state: "It will sell its commodities domestically at not less than (1) a price sufficient to reimburse the CCC for its cost, (2) 90% of parity, or (3) half way between the price support level and the parity or comparable price for a given commodity." Apparently they have gone to the Agricultural Act of 1948, as the wording is quite similar, and in addition they have clauses about sales for new or by-products, etc., peanuts for oil, sales for feed or seed, deteriorated commodities, sales for exports, sales of wool, and sales for other than primary use. Inasmuch as it has not been stated whether they must adhere to the higher of these or the minimum we again turn to the Aiken Act, which states, "whichever is the lowest."

We think it proper rather than giving our own interpretation to quote Paragraph H, Section 302: "(h) The Commodity Credit Corporation shall not sell any farm commodity owned or controlled by it at less than (1) a price determined on a pricing basis for its stocks of such commodity on hand, which makes due allowance for grade, type, quality, location, and other factors and which is reasonably calculated to reimburse it for costs incurred by it with respect to such stocks; (2) a price halfway between the support price, if any, and the parity price of such commodity; or (3) a price equivalent to 90 per centum of the parity price of such commodity, whichever price is the lowest, except that the foregoing restrictions shall not apply to (A) sales for new or by-product uses; (B) sales of peanuts for the extraction of oil; (C) sales for seed or feed if such sales will not substantially impair any price-support program; (D) sales of commodities which have substantially deteriorated in quality or of nonbasic perishable commodities where there is danger of loss or waste through spoilage; (E) sales for the purpose of establishing claims against persons who have committed fraud, misrepresentation, or other wrongful acts with respect to the commodity; (F) sales for export; (G) sales of wool; and (H) sales for other than primary uses."

We must bear in mind that these clauses which would be used in the Aiken Act effective in 1950 and later, might apply differently than they would for the year 1949, for the simple reason that the law for 1950 grants loans between 60 and 90% of parity, and this year's loan on wheat, corn, and soybeans is at the 90% of parity level. Another point that has to be cleared up is what parity would be used, whether it would be parity at the beginning of the season as is used in the case of applying loans, or if it would be the existing parity after the government would come into possession, as, for instance, after April 30th on wheat and soybeans, and September 1st for corn. For 1949, it appears that 90% would be the lowest level of these conditions that could be chosen, but for later years if, for instance, a loan had been made at 60% plus accumulated charges, the selling level might be based on 70 or 80% of parity. Then, too, taking a figure halfway between support price and parity, it could conceivably be in the neighborhood of 80%. These two measures would not apply in 1949 on grains that had been supported with t he 90% loan. We also point out that they will not sell "at less than" these conditions, but that does not mean that they will sell at such minimum prices; also, they might very well sell their surplus for export.

The wheat visible supply this week decreased 7,211,000 bu, which was much larger than the corresponding week a year ago. It reduced our stocks to 132 million bu and now they are about 17 1/4 million over last year. The corn visible supply increased only 1 1/2 million bu, which is not large, and reflects the smaller country movement. Primary receipts of wheat were 1,968,000 bu, about the same as last year, and compared with 1,375,000 bu a week ago.

Flour business picked up somewhat on the break and mills were pressing sales, but nevertheless, the volume consummated was not large. The majority of the bakers seem inclined to hold off hoping that they can buy at even lower prices. Export business is still poor. Markets steadied as the session progressed but there is still an uncertain feeling existing although some traders think that the break has been overdone. The weather map suggests that there might be some snow in the Southwest overnight which would be beneficial in the extreme far southwestern area.

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CHICAGO, 4 December 14, 1948

Extremely cold weather is still being reported over the Canadian Provinces, and likewise over the northern portions of our country, but elsewhere it is moderately mild. There seems to be no really cold weather in sight either for the Southwest or the Central States. However, it is becoming unsettled in the winter wheat areas, so that rain is expected late tonight or Wednesday, which may give us some additional relief.

The market has been subjected to all kinds of theories during the past three or four sessions. It seems rather strange that at a time when Commodity Credit Corporation is the main buyer in the market, the government should publicize a selling policy with respect to accumulations they may acquire through defaults. For example, yesterday there was 885,000 bu wheat bought in Kansas City, together with 90,000 bu corn, and chances are that further purchases were made this morning. Yet the trade is fearful that during the calendar year 1949, domestic sales may be made at 90% of parity price, whatever figure that may be later on if it is found advisable to make room for wheat storage before another crop is harvested. As we have pointed out before, in 1948, under existing legislation sales were not permissible at less than parity or a comparable basis, but with this new marketing plan there seems to be a little hesitancy each time markets advance. This is particularly true in wheat where cash markets are selling higher than the present theoretical loan. As we have also pointed out, we are at a disadvantage in not knowing how much wheat has been impounded, or how much has been placed under purchase agreements, but we rather suspect that the quantities are fairly large even though some redemptions may have taken place during the past thirty days. Such uncertainties are bound to give us erratic swings, although for the time being we feel convinced that government buying for export will be the dominant factor. After a rather firm start in soybeans, that market became weak again, and selling spread to other pits, with the result that we had some rather general liquidation, although few people are engaging very heavily on the short side of the market.

Europe's estimated production of oats is 1,368 million bu, which is about 175 million bu better than last year, although 240 million bu below the 1935-39 average. Even in France where the general outturn of crops was good, they reported only 235 million bu, which was about three-fourths as much as prewar, while the United Kingdom produced nearly one-half more. European barley total is 635 million bu, or about 14% above 1947, and not too far below prewar levels. It still looks as though with the increased population in Europe, imports of feedstuffs would have to be quite large if there is to be a general rehabilitation of livestock numbers. However, the export business in U.S. corn is getting under way rather slowly, but it is still our view that once this business starts in earnest, we shall be making inroads on accumulated supplies, and that this is going to be an important factor as time goes on.

Early as it is in the season, December oats are still bringing a big premium over the deferred months, while there have been no accumulations to speak of at terminals, and apparently even with reasonably high prices, this has not attracted too much country selling. Of course, after the turn of the year, there may be heavier offerings of all grains because of tax considerations, and possibly this is one reason for the restricted buying of futures in anticipation of such action later on.

Primary receipts of wheat today totaled 1,740,000 bu vs 1,652,000 bu last week, and 1,468,000 bu comparable day of last year. Kansas City and Minneapolis stocks so far this week show a net increase of 35,000 bu.

There was no particular grain news overnight. Some flour business was apparently consummated by one Southwestern chain, taking a large quantity for sixty days. Also we understand some inquiries from the East. However, as a whole flour buyers seem inclined to wait for lower prices.

There was more or less of a mixed commission trade in wheat and corn, although markets were subject to some pressure earlier, but good recoveries were made in all cereals, with the exception of beans. Apparently this latter grain was subject to further liquidation, with the likelihood of some deliveries being tendered against December contracts.

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CHICAGO, 4 Dec. 15, 1948.

There was quite a little moisture overnight; most of it was centered over the Central States, but there was also some Southwest. Apparently there was an item in one of the Dallas papers stating that the first general rains in months fell over sections of the drought-stricken areas of Texas today; grain crops had suffered and there had been severe dust storms previously which delayed plowing in many areas, but undoubtedly the recent moisture will bring great benefits and moisture ranged up to 1/2 inch. The Weather Bureau also stated that precipitation would continue for 36 hours more. This had very little influence on the market early probably for the reason that December wheat seems to be in a rather strong position, and there is only 1.1 million bu in the contract stocks here in Chicago, with little chance of bringing much here from other sections of the country. Ordinarily when December wheat this early in the season sells at a premium of 10¢ or more over May it causes hesitancy on part of millers and consumers to take on stocks. We doubt whether the present demand is so much a commercial one but apparently there are some people who are standing for delivery and no doubt are stubborn hoping to get tenders before selling out. This has imparted some firmness also to other futures, but on the whole it is felt that there may be some change after the turn of the year when farmers are not so much influenced by tax considerations.

There is still a great deal of talk about the recent selling policy of the government, but this, too had little effect today because CCC purchased 1 1/4 million bu wheat through their Kansas City Regional Office yesterday, and 170,000 bu corn. It is, therefore, apparent that for the time being the buying program is more important than the thought of liquidation, and since redemptions in the country do not seem to be burdensome, there is very little pressure on the market. For that reason there are fairly good recoveries from moderate weakness. As an offset there is no great speculative enthusiasm on the constructive side of the market, particularly since there is so much talk now of increased carryovers, possible building of elevator space out in the country, and stockpiling in the event of another war. We have seen figures recently that the government might encourage a reserve stock of 400 million bu wheat and a billion bu corn, which, of course, would always place a damper over the market because such a quantity of wheat would be about four-fifths of our domestic consumption for bread, while a billion bu corn would be much more than the commercial grinding during a twelve-month period. Of course, the trend to a permanent 90% ceiling would probably be used as a wedge to cut down acreage any time the government saw fit, and bring about compliance, which might otherwise prove difficult. Such acreage restrictions have not been sought for many yeaes, and we presume that producers would consider it regimentation, but, nevertheless, every economist is convinced of one thing: namely, that permanently higher prices and big acreages are a contradiction. However, it remains to be seen whether the Aiken Act for a sliding parity scale, ranging from 60 to 90%, will finally become the law of the land after 1950, and even on that issue there seems to be considerable controversy.

The overnight flour business was a little better and two cargoes were apparently sold to Italy, both to move from this country before the end of the year. However, other exports were near a standstill, while domestic sales have slowed down to a trickle. This means that not too many hedges are being taken out of the market.

Primary receipts of wheat today amounted to 850,000 bu compared with 733,000 bu last week, and 918,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 268,000 bu.

The Missouri weekly crop bulletin states that very dry weather in the extreme southwestern corner of the State is affecting the late-sown fall grains; elsewhere, winter wheat is in favorable condition, while Nebraska weekly states that winter wheat shows further improvement, and the condition is 3 points higher than the date a year ago.

There was no particular feature to grain markets today, although weakness in corn affected the general market. After the close there was talk emanating from Washington that this afternoon the international allocation of coarse grains may be abolished.

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CHICAGO, 4 December 16, 1948

Secretary Brannan made a very strong appeal in his radio address the night of December 14th for continuation of support prices. In ending his speech, he pleaded as follows: "I shall fight with all my strength any notion that the farmer must lead the way to a lower scale of purchasing power or a lower scale of living. Parity is more than an objective--more than a nice ideal--more than a matter of justice. It is an economic imperative. Parity is essential to the general welfare." However, he talked at some length of the necessity of following a definite policy of managed abundance, and apparently the administration is in favor of the program of stock-piling, having in mind the drought years, 1933-36, when it became necessary for us to import quite a large quantity of wheat from Canada. The Secretary pointed to the fact that tractors and machine power are more completely used in growing, harvesting, and marketing wheat than for any other important crop in America. However, because of these technical improvements, he points out that revolution in farming is irreversible and the probability is that we shall see even greater productivity in the future. These changes are in the making now, especially in the South where mechanization is also moving forward in cotton production. Secretary Brannan also mentioned that improved varieties of seed, together with water conservation, have helped to raise the average yield. Experts, he told his audience, believed that we could expect an additional increase of about 2 bu to the acre above the long-time prewar average, and that the experimental use of the new weed killer, 2, 4-D, indicates that it might help to lift the yield even higher. He further states, and wisely so, that there is no wonder that it is second nature to farmers to produce abundantly. They do so in an effort to make full economic use of their resources. This in turn helps assure consumers of plentiful supplies of food at a reasonable cost.

When our market opened this morning, corn was rather firm, and there had been an announcement that coarse grains and rye had been de-allocated in international trade. This affects mostly the over-all movement, by the various countries, as outlined by the International Council. The trade, however, viewed this situation in not too bullish a vein, because there seems to be so much corn that it is only a question of how quickly it can be shipped. Therefore, allocations on a world basis are not necessary. The same is partially true of wheat, considering that Argentina has a good quantity which they, too, have not yet put into commercial channels. Australia is just starting her season, and according to current reports they have not made any sales yet, as was the case a year ago.

Overnight weather disclosed less moisture than had been expected; clearing conditions are likely for all sections, with temperatures not severe over the wheat areas, but apparently the break which took place yesterday made speculative buyers a little more conservative, although December wheat still stays relatively strong, and as we have pointed out longs are liquidating slowly, while at the same time commercial stocks in Chicago remain small with no likelihood of much being shipped here from outside points.

Primary receipts of wheat today totaled 885,000 bu versus 1,748,000 bu last week, and 1,347,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net decrease of 468,000 bu.

The Kansas City office of the CCC reports the purchase of 735,000 bu of wheat, and 25,000 bu of corn for the period ended noon Wednesday. They were also inquiring for milo, but apparently rejected all offers submitted. Cash wheat in Kansas City was somewhat firmer, with #1 and 2 selling at 3¢ over. However, the mill business remains rather quiet, and at the moment the CCC is the main customer for cash wheat.

Trading in the pits has quieted down considerably, and possibly both the flour and the grain trade have entered the pre-holiday period when dullness usually exists.

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CHICAGO, 4 December 17, 1948

We note that President Truman intends to give his views on a farm program in his State of the Union message on January 5th. This will be a guide for Congress as we are approaching a time when serious thoughts will have to be given to the position of the United States in world's grain markets. Since the close of the war, we have been supplying about one-half the world shipments to deficit nations; yet we find that our stocks are now accumulating heavily in this country, even though we are shipping the grain from our shores as fast as it can be handled. The Marshall Plan was designed to carry the war-torn nations through a crisis, so that after several years they will have a stable economy, and each find its proper place in world's markets. During the interim period rapid strides are being made in all these countries to get agriculture back to normal production, and this year because bread grains are more plentiful, there is more emphasis being put on the shipment of coarse grains, so that European countries may rebuild their livestock populations. Many of the U.S. farming associations have recognized that agriculture is overproducing in this country for any normal-time needs, and have endorsed a policy that would protect the farmer from too low prices by flexible supports. Although we have had large yields per acre on our wheat in particular for a series of years, this may not be continued but if support prices are at high levels, it is conducive to a large acreage, and there is always the chance of over-production. If the Marshall Plan in its final effect is to give each country access to a proper share of world's grain markets, we would finally have to approach our prewar status, although probably not reduce our wheat exports to such an extremely low share of these markets. In any event we could not expect to continue to ship 50% of the world's total for that would not leave enough for a proportionate share of the large exporters, such as Canada, Argentina, Australia and even Russia, which country is historically a grain exporter.

We cannot afford in this country to look only at our domestic production and hope to export huge surpluses, because eventually there will not be buyers for such quantities from the United States. Thought is being given to stockpiling both wheat and corn, but we see already that the U. S. Department of Agriculture tentatively calculates the June 30, 1950 carryover of wheat at from 400 to 500 million bu, and it is likely that even by next October we will have a corn carryover of 600 million bu. Timely action is necessary by Congress to either continue laws such as outlined in the Aiken-Hope Act, or similar support that will not tend to encourage production in larger quantity than the country can capably handle. Acreage allotments and marketing quotas are distasteful in our form of government; yet if we have high support levels it seems inevitable that there must be some kind of control on acreages.

Primary receipts of wheat amounted to 1,203,000 bu compared with 1,269,000 bu last week, and 1,392,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 606,000 bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last year of only 158,000 bu.

Markets opened firm, and later there was some strength shown in wheat, probably for the reason that corn displayed a better undertone, and the CCC raised the corn basis 1¢ per bu, and is now bidding 9 1/2¢ over Chicago May for export, delivered at Baltimore. However, as the session continued attention was drawn to the fact that the flour demand was draggy, and that current bookings were at a low rate, hardly above 25 to 30% of capacity. This brought in some liquidation, and altogether we had rather dull markets compared with recent trading. December wheat continued at a big premium over May; the open interest declined a little heavier yesterday, but yet there is still 9 million bu to be settled either through trading or by delivery before the end of the month.

Corn also yielded some ground when the leading cereal weakened, but it is felt in many quarters that if the government becomes more aggressive in its export program that this cereal has merit particularly as prices are quite a little under the loan level.

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CHICAGO, Dec. 20, 1948.

There had been quite a little snow along the eastern seaboard but not much elsewhere, except for some relief over parts of the corn belt. The Southwest was not favored although there does not seem to be a crying need at the moment for more precipitation but in isolated spots it would be very welcome as the recent rain and snow did not cover all sections.

When our market opened prices for wheat were somewhat lower while corn was rather firm. There had been quite a few articles written recently by economists, pointing out that the world food situation is getting back to normal, and according to one authority in the East it is getting there fast. Dr. Julius Hirsch, in cooperation with his wife, has written a rather lengthy treatise, which has appeared in several of the newspapers both here and in New York, possibly elsewhere too. He states that world production of wheat in the crop-year, 1948-49, is estimated at 105% of prewar, corn 125%, oats 100%, rice 98%, and sugar and potatoes 105%, with fats and oils 100%. He also makes an interesting comment on the fact that there is no free wheat price anywhere in the world at this time. They point out that the world wheat price is identical with our own supported wheat price. He contends that the world price is not a "free price" arrived at by the play of demand and supply. If the price were free, that is, if it were allowed to move below our support price, we would not have to bother about too high "stated requirements" and statistical shortages. The price would show what the real supply situation is. As it is, in each of the other wheat exporting countries, either a "Wheat Board" (Canada and Australia) or the government outright (Argentina and Russia) are deciding the price, and this price is our own price.

In facing realities it occurs to us that we are going to be committed to some sort of price-support program for the next few years, although nobody can state at this time whether it will be the 90% of parity loan for basic commodities or whether the Aiken Bill will become effective, thus permitting greater latitude. A sliding scale would certainly be a step in the right direction, and unless Congress orders a change we shall have the new law effective after January 1950. However, even under the terms of the revised program, parity cannot go down more than 5% in any one year. Thus, the readjustment if it comes would be gradual. Furthermore, there may come a time when acreage reductions for certain commodities will be necessary. It is very unlikely that a farmer would voluntarily plant less if he continues to get always a higher price. There is the alternative of the government regimenting the farmer and compelling him to cut, which might work, but at thesame time would undoubtedly be regarded another step toward socialized agriculture, and from that point of view would be very unpopular. In the meantime, there seems to be some buying by Commodity Credit Corporation, and while the amounts of wheat are not particularly heavy there may be a more aggressive attitude after the turn of the year if the farmer sells his wheat on a more liberal scale. Furthermore, if we are going to export anything like 150 million bu corn, which has been planned, it will certainly require a heavier federal buying program early in January. When this comes we believe that hedges will be taken out of the market, and we rather expect a gradual firming of prices. It is our opinion that May corn may continue to gain more on the July futures, despite the fact that there has been a fair amount of No. 3 yellow corn delivered because gradually as it becomes cleaned up, the trade will become reassured that shipments abroad, while possibly not large in comparison with a bumper crop, are still big in comparison with quantities moving from the farms.

When the visible supply of wheat was posted, there was a decrease of nearly 5 million bu. Total stocks in the country have been reduced to 127 million bu, which is only abut 12 1/2 million bu more than was on hand last year. Locally, with the small reduction, Chicago has been cut to 3 1/2 million bu. The visible supply in corn increased 2.6 million bu, but Chicago decreased 215,000 bu, leaving 11 3/4 million bu here. There is less than one million bu oats in Chicago, and 11.3 million total in all positions, which is not very large.

When early weakness in markets was dissipated there seemed to be a little better buying all around. However, volume of trade was not particularly heavy, and flour demand is poor, with mills not hopeful of much improvement for the balance of 1948. There may have been a little back-spreading today by way of selling corn futures against purchases of wheat, but nothing very big in these transactions either. There are only two days left after today for trading in

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December contracts.

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CHICAGO, 4 December 21, 1948

After the close of the market last night, we had a government report indicating the possibility of a winter wheat crop of 965 million bu for next summer. Last year at this time the crop was estimated at 838 million bu on a considerably smaller acreage, and a yield of 14.3 bu to the acre, but the final yield was 17 bu to the acre because of great improvement that had subsequently taken place. This year it is estimated that the yield will be 15.7 bu per acre, and assuming only normal conditions from this time onward, we still have a chance for a total winter and spring wheat crop to show up favorably with some of our past years. In 1947, we had a banner wheat crop when 1,367 million bu was harvested, and for the last five years now we have had crops which have exceeded the billion-bushel mark, while only once before in history: namely in 1915 did that happen.

The trade, however, is not paying too much attention to this factor. Ordinarily July wheat would be influenced by this type of bearish report. However, the price of the new crop months last night was nearly 20¢ per bu under the probable loan, based on present parity. Thus, it is rather difficult to predict that prices will sell very far below present levels since the government is already committed to administer a loan based on 90% of parity, as it appears at June 30th. For the time being old-crop positions are still very strong and supplies are tightly held. Probably one of the main factors being the persistent buying each day by CCC, which finally has taken all the slack out of the market, and the December futures in the various markets are selling at a big premium over the Mays. We believe that when the time comes the May deliveries will likely sell at very big premiums over new-crop positions unless a considerable quantity of wheat is redeemed during the next few months. That, of course, would take quite a bull market because of the accumulated charges, and it takes a high price once wheat is in the loan to have it freed. Therefore, even recognizing many of the bearish factors which are ahead, we cannot become too pessimistic at this time with respect to price. The same is true of corn, particularly as very large quantities are apt to be impounded unless there is some improvement pricewise. Up to now buying for export has been rather disappointing, but there is little doubt that the government export program will become much more aggressive as time goes on, and they have repeatedly spoken of shipping 150 million bu of this grain, which may come at a time when receipts from the country will be much more moderate than at present. While there have been some accumulations of corn at the various terminals, the inroads that may be made on these stocks could create a very different picture unless there is a secondary movement during January when tax considerations are not so much of a factor to producers.

Primary receipts of wheat amounted to 1,191,000 bu which compared with 1,740,000 bu last week and 1,586,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 5,000 bu.

Despite the fact that a little more wheat came out in the Southwest, our markets were all very firm and before the market opened this morning there was still 5.3 million bu of December wheat open for the final two days of trade. Flour business was at virtually a halt and it is claimed that mills are getting few inquiries with buyers completely indifferent. Possibly this will change after the turn of the year although generally January 10th is the calendar season to expect declines, one of the reasons being that many of the mills in the country close at that time for inventory. In any case, the government report was completely forgotten; possibly the reason is that CCC is still a heavy buyer. Yesterday they purchased nearly 2 1/2 million bu wheat through their Kansas City Regional Offices together with 115,000 bu corn. They also have purchased some wheat in the Chicago area. Corn was relatively indifferent and possibly there was some selling in that cereal against purchases of wheat. Oats were firm and beans had a good upturn.

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CHICAGO, 4 December 22, 1948

In commenting on the winter wheat report released by the Bureau of Agricultural Economics on December 20th, they point out that in Oklahoma dryness in the southern and southwestern parts of the State was only partially relieved by general rains in late November, and the condition of the crop is very spotted with the best condition reported in the northern third of that State. In Kansas, the western third was seeded under favorable soil conditions. Dryness in that section and in the central part was relieved in late October when general rains fell with the exception of the northwestern counties. The western half of Kansas was also further benefited by snowfall in November. They further point out that condition of wheat in Texas is relatively poor in all reporting districts excepts the northern panhandle and that these conditions have existed even up to December 1st.

The estimated planted acreage of winter wheat of 61,370,000 acres compares with the ten-year average of 1937-46 of 47,684,000 acres, and shows the tremendous strides that have been made in additional plantings to meet domestic and world demands. However, we are undoubtedly shipping wheat out of this country to the detriment of other exporting countries. For nineteen weeks of this crop-year Canada has only shipped approximately 67 1/2 million bu, or a weekly average of 3 1/2 million bu. This leaves our northern neighbor with a balance of 252 million for export allowing for the same carryover as of August 1st. In other words, their export pace would have to be at the rate of about 5 1/3 million bu per week for the balance of the season. If the world food situation is getting more normal, it would seem that after this season our export shipments would have to be slowed up unless larger accumulations are to be in order in other countries. The large plantings are more or less tied up with the feeling that a loan price for 1949 would probably again be placed at 90% of parity; therefore, a great incentive to the farmer to produce. Originally when the loan was set at 90% it was for a period of two years after the war to offset the readjustment which was expected after cessation of hostilities. The war has now been over for three years. The farmer under present loan does not have to be concerned with consumer demand but rather what he can get from the non-recourse loans. The farm income for 1948 is estimated at $30,800,000,000 which compares with $8,700,000,000 in 1939, at the beginning of hostilities in Europe. While we have no way of forecasting until after Congress meets the final program for 1949, it does become obvious that sooner or later recognition must be given to the effect of high loans on production, and the fact that if these loans are to be at the present rate somewhere in the near future compulsory acreage controls or other forms of regimentation must be resorted to.

CCC still continues to acquire large quantities of wheat, and to be the mainstay of the cash market. For the period ending noon Tuesday, their Kansas City Office reported the purchase of 1,830,000 bu; for the week of December 10th to 17th, total purchases of all offices were approximately 5 1/4 million bu wheat and brings the cumulative purchases since July 1st to 179,770,000 bu wheat, and 24,479,000 bu wheat equivalent as flour. It has been reported that a substantial quantity of wheat was sold to CCC yesterday out of Chicago, possibly in the neighborhood of 500,000 bu. For the week ending December 18th, stocks of wheat in Chicago were given as 3,242,000 bu, of which 1,291,000 bu was listed as contract stocks. Whatever was sold to CCC must be deducted from contract stocks; so one must judge that the balance is probably only 3/4 million bu. This, of course, is a very small quantity, and it would appear that if stocks are to be built up in this market, wheat would have to be attracted from either the Southwest or Northwest, as there is very little wheat available in the territory tributary to the Chicago market.

Primary receipts of wheat today totaled 828,000 bu vs 850,000 bu last week, and 1,078,000 bu comparable day last year. So far this week stocks at Kansas City and Minneapolis show a net decrease of 15,000 bu.

Mills reported that there had been some bakery flour business consummated but on the whole, flour business is poor, with the usual holiday dullness, and mill running time is falling off.

Our market today was mostly dominated by liquidation of December contracts on the last day of trading in that future. There was no undue excitement throughout most of the session; however, near the close the December futures in all pits became very strong. After today cash prices will be on the basis of May, and at the moment cash wheat premiums are considerably over the May future.

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DAILY MARKET LETTER

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141 W. JACKSON BLVD.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Dec. 23, 1948.

There had been a little scattered moisture over parts of the Southwest, but our weather man looked favorably upon the map for further snows rather generally in the winter wheat areas, probably penetrating Oklahoma and Texas, and reaching some of the western districts that heretofore had been unrelieved. This again was a bearish item which failed to attract much attention, possibly for the reason that December wheat expired with considerable strength yesterday, and a good many people feel that the same may be repeated later on with respect to May wheat, particularly since cash wheat is now bringing a good premium over the future, and sooner or later the two must come together. We have stated on several occasions that once wheat becomes impounded, it takes a rather high price in order to get redemptions. While we have no idea as to the quantity which is presently under the loan, we must assume that there is at least 200 million bu on which farmers have borrowed. Therefore, this will appear to be a large quantity in relation to the carryover reserve next July, as it would leave only about 100 million bu free wheat, and the quantity might even be smaller taking into account some wheat which is under purchase agreements, etc. As far as new-crop futures are concerned, even assuming that there is some improvement in the weather by way of snows which are now forecast, one must try to figure out what price discounts the situation, if we have a moderately high loan next summer, say about $2.25, which is indicated on basis of present parity.. There is, of course, some likelihood that parity during the next six months will decline, but by the same token it could advance, and it is something which nobody can forecast too easily right now.

Generally speaking, movement from Southern Hemisphere would get under way during early part of January and probably reach a peak by middle of March. The Argentine crop at best will be small compared with last year, when 250 million bu wheat was raised, together with 45 million bu oats and 40 million bu barley. Small grains have again been affected by recent frosts and drought, according to the Agricultural Attache, American Embassy, Buenos Aires. Because stands were in various stages of development, ranging from virtual maturity in middle Santa Fe and east central Cordoba to initial heading stage in South Buenos Aires and the southeast LaPampa territory, actual damage has varied in intensity from one area to another. However, the lack of general rainfall after the freeze intensified damage, and thus there will be considerable reduction from the previous season. Even on basis of last year's favorable crop, exports of wheat from the Argentine were only slightly higher than the previous season and about 31% below prewar average. In other words, shipments of wheat were only about 80 1/2 million bu compared with 116 1/2 million bu, the five-year period, 1935-39.

There is considerable talk from Washington that CCC will ask for authority to build grain storage bins in order to provide space in years of big production. Apparently it is felt that it may become the administration's problem to keep the market from breaking, thereby preventing a depression. It was our experience last season that while some grain could not find an immediate resting place, much of this was due to the scarcity of freight cars, and that temporarily country elevators were unable to get anywhere near the actual accommodation to take grain of various kinds to terminal markets where it could be handled for export. After all, our wheat, corn, and oat crop amounted to about 6 1/2 billion bu, and taking into account barley, rye, milo, etc, the total was about 7 billion bu, which naturally caused some difficulties owing to the fact that never before in history did we have bumper crops of all grains in one season. The corn crop made a record for all time; wheat yields were the second largest in history, while oats were within 44 million bu the best ever obtained.

Primary receipts of wheat amounted to a little over a million bu compared with 885,000 bu last week, and a holiday last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 29,000 bu.

It was reported that the CCC bought over 2 million bu wheat through their Kansas City Regional Office yesterday, but we feel that from now on this business will become more moderate. There was also 50,000 bu bought through Minneapolis and we understand 440,000 bu soybeans purchased through the Chicago branch. Markets were rather quiet; best prices were not entirely maintained but there was a firm undertone, and apparently not much new pressure. Flour business remains relatively poor, although there has been a slight revival in the Northwest. The Chicago corn-hog ratio is 14.5, which is quite favorable; it compares with 14.8

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 24, 1948

Another Yuletide is at hand, and again we recall the many blessings that have been bestowed upon us during the past year. 1948 will go down in history as one of the banner years for American agriculture. We raised the largest corn crop in the history of the country on the second smallest acreage in fifty years. Our wheat crop was likewise very large but did not make a new record, having been exceeded the year before when production amounted to 1,367 million bu. Our oat crop fell 44 million bu short of being a record, having been larger in 1945, but, nevertheless, total production of these three grains was about 6 1/2 billion bu. If we take into account barley, milo, rye, etc., we raised about 7 billion bu, which brought the producer a tremendous income, and his receipts from farm marketings will probably run as high as $30 billion.

A strong demand for most farm products promises to bring about the same returns to producers next year. Seldom do we have both high prices and big yields, but with the tremendous demand from abroad, and our wheat and flour exports running at the rate of about 500 million bu per year, accumulations are not yet disturbing, and for that reason the situation is still quite a healthy one. For five successive years billion-bushel wheat crops have been harvested in this country, and according to a government report released a few days ago, the same is quite likely for next summer, as our winter wheat crop alone is estimated at 965 million bu, with a tremendous acreage sown. Farmers who have been assured of another 90% of parity loan for next summer have had sufficient inspiration to plant about 80 million acres to wheat, including the amount that will still be sown in the Northwest next spring. This has made it possible to tide over hungry people in various parts of the world until they were able to recover sufficiently from their own shortages. While it is true that population the world over has increased tremendously, and is about 10% greater now than before the start of the war, the higher extraction rate of bread grains is making up in Europe for the increase in population. As some authorities point out, we cannot expect higher than prewar imports of bread-grains to European countries except possibly in the case of Germany. On the other hand the present high wheat exports to India and Japan will last only until the rice picture has improved still more. World wheat imports, therefore, may be stabilized in about two years at a level not much higher than prewar, which was about 720 million bu.

Here at home, the Chicago Board of Trade celebrated its 100th birthday. People from all over the world came to pay tribute to a market, which had served the Nation so successfully during the past century. The pioneer farmer in this country who carted his grain over muddy roads to market, where he had no assurance of finding a buyer, could hardly have stretched his imagination to visualize present grain marketing operations. It was about 1848 that the first railroad in northern Illinois reached Chicago. That was the beginning of what is now a vast network of rails and roads which link Chicago and the grain fields of the Middle West. In April of that year a group of Chicago merchants had agreed to organize cash trading in grains, flour, and pork products, and ever since that time the railroads and the Chicago Board of Trade have worked together to develop Chicago from a backward settlement into a great world trading center. It cannot be denied that Chicago stands out preeminently as the world's largest grain market, and we believe that authorities will agree that the influx of grain and livestock to our city would probably never have become possible without markets which have encouraged trade and commerce. It is because of our great faith in America and in the confidence of our people that we are led to believe that we shall finally have an agricultural program in this country that is not only beneficial to the farmer but also practical to our economy. We have the greatest grain market inthe world, and yet, few people realize the low handling cost of getting grain from the producer to the consumer; nor do the majority of people appreciate that a fair price is responsible for moving the whole crop intoconsumption without a shortage and without a burdensome carryover.

WE WISH YOU ALL A VERY MERRY CHRISTMAS!

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 27, 1948.

There was nothing very much in the way of news over the Christmas Holiday. Some moisture had been forecast, but in looking at the map this morning we find that not much fell over southwestern districts. There was a little snow reported in parts of Nebraska and Iowa; likewise a few points in Kansas and Texas, but the amounts were light in most sections. Other news did not account for much, and while the opening was rather firm there was no particular feature, and it appeared as though we were just carrying on where we had left off last Friday. In looking at the general moisture situation we find that November had been a fairly good month, although the total amount of moisture since September has been deficient in a good many areas, as following figures will show;

PERCENTAGE OF NORMAL PRECIPITATION.

	Nov.	Sept-Nov		Nov.	Sept-Nov.
Nebraska	247	113	Indiana	170	111
Kansas	197	86	Ohio	159	117
Oklahoma	85	38	Michigan	143	78
Texas	78	66	Washington	158	131
Missouri	134	84	Oregon	162	138
Illinois	120	87	Montana	107	50

We are gradually coming to the period when Southern Hemisphere shipments should be more of a factor but as we have pointed out a good many times in our market letters, the Argentine crop at best will be a poor one, both on basis of average returns as well as comparison with last year. However, that country does have a carryover and there has been some talk recently that their price in future may be more in line with competition. Australia has done far better, and this year not much was sold ahead; therefore, offerings should gradually enlarge. Canada has not done a particularly good job during the first twenty weeks of her crop-year. Wheat and flour shipments have been about 72 million bu, averaging only 3,6 million bu per week. This means that they still have 247 million bu left for export or reserve, and to provide for a carryover of 75 million bu, which was the same as last year, they could still export 172 million bu from now until end of their season, or at the rate of 5.3 million bu per week. This may be somewhat difficult to accomplish, as there is only 91 million bu left to ship under the bilateral pact with the United Kingdom, so that 81 million bu would have to go to other countries in competition with Southern Hemisphere shipments.

When the visible supply of wheat was posted, there was a decrease of 1,3/4 million bu. Total stocks in all positions are 125 1/2 million bu, or about 12 million bu more than we had last year. At Chicago, there was a decrease of 157,000 bu, leaving about 3 million bu wheat in this market. The corn visible increased nearly 3 million bu and there was a decline at Chicago of a little more than 400,000 bu, with 11,3 million bu remaining here. The U. S. oat visible decreased 421,000 bu, leavingless than 11 million bu in the total supply, which is 3 million bu smaller than a year ago at this time. Chicago oat stocks were about a standoff but there is only about 850,000 bu of that cereal stored here in Chicago.

Markets were rather dull and uninteresting; very little feature, and while there was a little pressure at one time on wheat, this may have been due to some selling against buying of corn.

Broomhall had reported rather favorably on the wheat crop of India up to now but speaking of grains there has been some deterioration. Weather is dry, and he also tells us that the rice crop was poor and that imports from Burma are far too small. Trade is not paying too much attention to international events but is wondering what will happen when Congress reconvenes, and unquestionably there will be many discussions on the loan with apparently the administration now favoring 90% of parity loans more than the flexible program which was approved earlier This may result in compromise. However, there will also be a good deal of consideration given to the possibility of another bumper crop next year, with a bigger carryover, but up to now little concern has been felt on mounting supplies.

CCC buying of corn is not much of a factor yet but we have great confidence that a more aggressive buying policy will develop shortly.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 28, 1948

When traders came to their offices this morning there was a forecast for rather general moisture over the Southwest. It will be in the form of either snow or rain, but in any case the map is quite favorable for further relief, and even while we are writing this letter we have reports that it is snowing hard at Norton and from Colby, Kansas. a blizzard is reported coming their way. There was apparently further business for export, presumably to Holland, plus some flour business to Italy, and this meant lifting of hedges with a considerable amount of buying this morning through two or three houses, possibly as much as a million bu was taken out of the pit early, which gave us the initial advance.

The government has reported the amount of grain under CCC loans and purchase agreements as of December 1st. There is a total of 219.6 million bu wheat impounded, together with 33.7 million bu under the purchase agreement or 253 million bu whest, which for the time being at least has been taken out of commercial channels. It is rather difficult to appraise what this will do to prices, particularly since some redemptions may gradually take place if prices hold, although the longer wheat stays in the loan, the higher the price must be to take care of the accumulated charges. We assume that the carryover reserves on July 1st will probably not be in excess of 300 to 325 million bu. On that basis there could be as little as 100 million bu free wheat, but yet the situation is somewhat different from two years ago when our total carryover had been reduced to 83.4 million bu. We say this advisedly for the reason that the government is now empowered to sell the wheat that comes to it through defaults when the price is only 90% of parity. Furthermore, if there is as much as 300 million bu wheat left before the next harvest even though only about one-third of it is free, there is always the threat of the balance coming out on the market, and, therefore, the trade is not too enthusiastic on the constructive side of the market, and whenever buying ceases we find that moderate reactions take place. This has occurred now for several weeks and with the general feeling that commodity prices would decline except for artificial supports, it is difficult to have too much optimism expressed in markets. In corn, the situation is somewhat different. The government is a little more aggressive, and we believe today that their purchases were more of a factor, and in any case it is probably only a question of time before this is going to become more of a market factor, particularly since corn prices are considerably below loan levels. As of December 1st, 27 million bu of corn was impounded, but, of course, this quantity could grow appreciably before the end of the season. There is likewise 4.4 million bu under the purchase agreement, but so much of the corn remains on farms and there is plenty of time yet to take advantage of the loan, that these figures may grow considerably between now and the period of loan expiration.

Primary receipts of wheat amounted to 1,180,000 bu compared with practically the same quantity last week and nearly 3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 155,000 bu.

During the session reports of snows came from a number of southwestern areas, but they tended to be from the northern parts, and high winds were reported farther South. The latter brought some buying into the pit, no doubt partially short covering from the wheat which had been taken out earlier on the large foreign flour sales.

Almost daily we now read of more countries participating in export business. Peru recently sold 3 1/2 million bu of wheat to India, and Chile has sold 1/2 million bu to the United Kingdom; also Chile has sold barley to Belgium and Portugal. Russia has made agreements with Czechoslovakia, India, Finland, and Italy for an aggregate of 36 1/2 million bu of grains, and England is negotiating for a long-term pact, but meanwhile it is believed they will conclude arrangements for about 37 million bu of wheat and 20 million bu of coarse grains for shipment from Russia during 1949. The Marshall Plan was originally designed to reestablish normal commercial relations between countries, but we see as time goes on it lessens the chance of this country disposing of our grain surpluses. Belgium has announced that she will not take up the January-March allocations of flour because she has bought wheat from other countries.

The 1¢ better CCC corn bid to the Atlantic seemed to bring a fair volume of business today, but as yet this bid is not high enough to equal the replacement value of corn at our spot market levels.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Dec. 29, 1948

There was considerable moisture, mostly in the form of snow reported over Nebraska, but elsewhere in the Southwest precipitation was disappointing, and according to the map yesterday quite a little moisture had been expected. This caused disappointment, and very likely had something to do with today's advance. Chances are that whether we get the snows now or two or three weeks hence will not make so much difference, but in any case there are some districts, particularly in Oklahoma and the Texas Panhandle where we should have relief during the winter months to build up a reserve supply of moisture. In addition to this snow is always a good protection against low temperatures. The forecast is for clearing weather and considerably colder. Markets have had some impetus recently with hedges taken out against some export sales of wheat and flour. Italy presumably was the buyer of 5 cargoes of flour yesterday, and possibly the inquiry will slacken from that source. This seems to be their January share of the three months' allocation. Norway also purchased a small quantity but no other business seems to have developed, although there are some rumors that ECA may hold up The Netherlands' funds because of hostilities in Indonesia.

Trade in grains has become much quieter and small transactions easily influence the market. We have felt for some time that a more aggressive buying policy in corn would have a bullish effect on the market, and this is now proving to be the case, although we prefer to wait to see whether the country becomes a heavier seller after the first of the year before assuming too bullish an attitude. Tax considerations may bring out grain from first hands, although we still feel that exports of close to 500 million bu wheat and flour and 200 million bu feed grains are going to have their effect. We started with a total supply of wheat at the beginning of the season of 1,483 million bu. This included nearly 195 million bu in the reserve from the previous crop, and domestic disappearance for the season will probably not exceed 700 million bu or so for the reason that feeding operations will probably be much closer to normal in view of the big corn crop. If we export the maximum amount: namely, 500 million bu, which is so often mentioned, it would leave us with a carryover of 283 million bu next July. But, of course, this would be increased should the shipments be smaller than stated.

We called attention to the fact yesterday that there was 220 million bu wheat impounded in the loan, and some forecasts are being made that during December the total may be increased to 250 million bu, which, of course, would be a rather large quantity in comparison with what is carried over at the end of the season. In addition to this there will be further quantities that are to be reckoned with in the purchase agreements, although the latter may be sold on minor advances since no doubt wheat of that type is held mostly on the farm; therefore, should not be affected to the same extent by storage charges as on terminal loans. There is some speculation as to what will happen to this type of wheat if it fails to grade, and whether the government will take off-grades at certain discounts if it fails to grade. This, of course, creates considerable uncertainty and for this reason the spread between May and July is not too much of a certainty either way, although a good many people regard a differential of 18 1/2¢ as rather wide with the possibility that the government may sell defaulted wheat after it falls into its possession.

Primary receipts of wheat were very light, which is common at this time of the year. Receipts were 435,000 bu compared with 828,000 bu last week and 918,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 186,000 bu.

May wheat was a little firmer than the deferred months, but on the bulge there was some profit-taking, particularly at one time when corn seemed to run into heavier offerings at about $1.50 per bu for the May future. At that point commercial buyers who had earlier been active stopped buying. Flour business remains light but mills are confident that there will probably be a distinct pick-up in volume early in the new year. One of the larger mills was reported buying May wheat at Minneapolis, which was probably against flour business, but on the whole bakers and other users were only taking small amounts.

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CHICAGO MERCANTILE EX.

December 30, 1948

CHICAGO, 4

After the close of the market yesterday, the government published parity figures for December, and there was no change from the previous month. As matters now stand parity on wheat is $2.18 per bu, on corn $1.59, and on oats .986. These intermediate figures are only interesting because they suggest a trend, and, of course, in wheat the trade is paying particular attention to what may be the likely parity figure by end of June, at which time next summer's loan will be reckoned. If the loan were set now based on the last published figure for parity, it would amount to about $2.25 Chicago, taking into account the handling of papers, freight, and other items which the government uses in its computation for getting grain from country points to this market. It is a fact, however, that prices received by farmers in mid-December averaged the lowest since February 1947, according to BAE statistics. The three-point drop in all commodity indexes from November to December was largely the result of lower prices for eggs, meat animals, cotton, and cottonseed, which more than offset price increases for oranges, rice, turkeys, and truck crops. Regardless of how one looks at the situation the farmer is getting ever so much more money than he did in the base period, 1909-14, when wheat was bringing only 88¢, corn 64¢, and oats less than 40¢. Naturally one has to take into account that practically everything else has gone up to a greater or lesser degree. However, the farmer is getting more bushels per acre now than ever before, and through mechanization he probably needs less labor, which is confirmed by the fact that our farm population has diminished even though we have a tremendous sown acreage and tremendous crops. During 1948, crop prices dropped much more than livestock prices. However, with the favorable feeding ratio this is a rather encouraging factor, particularly as we have raised the largest corn crop in our history.

Other news did not account for much. Temperatures were generally lower, with mostly clear skies, although by tomorrow somewhat warmer weather will probably set in. When our market opened this morning somewhat higher prices were registered, probably for the reason that everyone is now prepared for a more aggressive corn program on part of the government. We note that even in the Southwest yesterday CCC purchased 785,000 bu, and while the business here in Chicago is also enlarging, with nearly 1 1/2 million bus taken yesterday, our stocks will go down, indicating that unless we get a much larger run from the country, there will be quite a drain on terminal accumulations. The current spot price in Chicago for corn of both low moisture and high moisture content when dried to make number two grade is still in excess of the current government bid. Therefore, if the country does not sell more corn to lower the cash basis to CCC equivalent it seems that our shippers will probably have to slow up on their commitments. Coming back to wheat we find that in recent days a little more selling by producers has taken place. On the other hand there seems some doubt as to whether pressure after the turn of the year will be so heavy. It may be recalled that there was the same conversation last year but some disappointment in that farmers did not move so much to market even after income tax considerations were no longer bothersome.

Primary receipts of wheat were 770,000 bu compared with a little more than a million bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a net increase of 160,000 bu.

There was a disinclination on part of traders to follow the bulges in wheat and while the volume of trade was rather small, there seemed to be some profit-taking on the theory that possibly heavier offerings from Southern Hemisphere might soon be felt. This selling had a little more effect on the May future than on the new-crop deliveries. Even corn, which was quite firm early, reacted, closing with small losses. There seems to be a good commercial interest and at one time several houses were taking hedges out of the market, which apparently was against new export business.

UHLMANN GRAIN CO.

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DAILY MARKET LETTER

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UHLMANN GRAIN COMPANY
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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 31, 1948.

Another year has drawn to a close and food has played a most important role to a hungry world, although European countries have definitely shown an improvement. Even though world population has risen by 10% during the last ten years, there seems to be a more efficient utilization of wheat, rye, and rice, through higher extractions, and the severe suffering which existed in the immediate post-war period is gradually being relieved. Despite this fact, we are going to ship about 700 million bu wheat, flour, and feed grains from the United States during the present crop-year. This will be more than we have ever exported before in our Nation's history. Likewise it is a much greater quantity than any other competitor has ever exported during a single year. All of this would not have been possible without adequate markets which have performed an indespensable public service to the people of this Nation. Our exports of wheat and flour alone will probably be pretty close to 500 million bu, which is about five times the average shipments during the period 1930 to 1947, and it is questionable whether this can be kept up for any great length of time.

Probably one of the greatest difficulties in Europe is not the shortage of food and clothing, but rather the question of currency. In France, for example, where there has been devaluation probably ten or twelve times, the people no longer have any confidence in their money. Likewise when they sell their grain there is little they can buy, nor do they feel that funds deposited in the bank are safe. For that reason a good deal of grain has been held from time to time on the theory that it is better as a medium of exchange than almost anything else. This has kept many of the people in France living in the larger cities from obtaining their daily bread, and thus imports have been necessary while probably there was nearly enough grain theoretically to take care of their domestic needs. To a greater or lesser degree the same may be said for many other nations. Thus, whatever help we have given in the way of Marshall Aid has notyet brought about much improvement in monetary conditions. In any case, chronic shortages of foreign exchange, together with high food and feed prices, has caused structural changes in agricultural policies and food habits of the importing nations.

Regardless of this we are gradually heading towards a world food surplus, although it may be a few years yet before this is felt. Those at home who are urging the stockpiling of grain probably have in mind much the same as was visioned when the ever-normal granary was first proposed.

In the end this can only bring about a strained situation. We say this in view of the experience in other countries when surpluses were stockpiled by governments and withheld from commercial channels. Gradually conditions became worse and worse, because prospective purchasers always knew that it was merely a question of time until the inevitable liquidation of such surpluses had to take place. This is always true if for no other reason because the time will finally come when there is no elevator or warehouse space left to house new crops, so that facilities are gradually exhausted by the surplus crops that come into government possession.

We recognize that there is a movement toward building additional elevator space, but in any case, this only delays the final day of reckoning. Nor can there be any dispute concerning the proposition that when government non-recourse loans on commodities are unrealistic and too high that ownership of these commodities will pass to the government by default. Failure or refusal to recognize this inescapable truth has resulted in the disastrous failure of many price-raising schemes. While realizing that the whole question of parity and of loans was designed to restore a balance of purchasing power to the producers, based onperiods of favorable exchange, cognizance should be taken of the fact that the parity concept has become greatly outmoded, and should finally be based on an income computation rather than on a unit basis of grain in relation to what it will buy for the farmer. This may be regarded as a setback to producers in years of big yields. However, that is not the time when they need help. By the same token they will receive greater proportionate benefits when there are crop failures, and when they really need aid to prevent disastrous results. It is because of our great faith in America and in the confidence of our people that we are led to believe we shall finally have an agricultural program in this country which will not only be beneficial to the farmer, but also practical to our entire economy.

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WE WISH YOU ALL A VERY HAPPY NEW YEAR.